

U.S. Lawmaker Sees Danger in Proposal On Europe Missiles

WASHINGTON — The chairman of the House Armed Services Committee said Sunday that the proposed accord on medium-range missiles in West Europe was "a little bit dangerous" while the chief

Soviet deployment of SS-20s in the late 1970s began the debate over missiles. Page 6.

Soviet negotiator at the Geneva arms talks expressed optimism that an agreement could be reached by the end of the year.

"I think that there is a possibility now to reach an agreement, if there is a real willingness to do so without raising any artificial obstacles," said Viktor P. Karpov, the chief Soviet arms control official, in a U.S. television interview.

Representative Les Aspin, a Wisconsin Democrat, chairman of

the House Armed Services Committee, said he was worried by the proposals. Mr. Aspin was part of a congressional delegation that met with the Soviet leader, Mikhail S. Gorbachev, last week.

Mr. Aspin said the agreement being worked out "worries me a very, very great deal," adding, "I think that this business of gradually eliminating sections of nuclear weapons is not a very smart idea given the fact that as long as there's a conventional imbalance in Europe we're going to need nuclear weapons."

"It's a process there that I think is a little bit dangerous," he said. "We're eliminating the safest weapons and leaving in the most dangerous."

Mr. Aspin appeared on the same program as Mr. Karpov, director of the Soviet Foreign Ministry, and a U.S. presidential adviser, Paul H. Nitze.

Mr. Karpov said that during his talks with Kremlin leaders in Moscow last week, Secretary of State George P. Shultz was given "an exact deal that would lead to the meeting" of President Ronald Reagan with Mr. Gorbachev "in the autumn or at the end of the year" to sign arms agreements.

Mr. Nitze said an agreement could be reached by May after U.S. officials take the U.S.-Soviet proposals to NATO's military and political leaders.

"I think all those things can be done in not more than another couple of weeks," Mr. Nitze said.

"If I am any judge of things," said Jim Wright of Texas, the Democratic speaker of the House of Representatives on another interview program, "this is the best opportunity we've had since World War II" to have an arms agreement.

On the same program, Richard N. Perle, the assistant defense secretary who oversees Pentagon arms control matters, expressed similar guarded optimism.

"I would think the chances are quite good for a summit," he said, "provided we settle the issue of verification, and provided we get a satisfactory solution to the short-range missile problem."

The United States is considering a proposal discussed last week by Mr. Shultz and Mr. Gorbachev under which each country would eliminate all of its medium-range missiles in Europe, while keeping 100 warheads on its own territory.

Mr. Gorbachev also proposed eliminating short-range missiles in Europe, an idea that has raised concerns among some NATO allies and American lawmakers wary of the Soviet conventional force advantage in Europe.

The American officials on the programs differed about the budgetary implications of a removal of some American and Soviet weapons from Europe.

Mr. Wright said that with an arms control agreement, "we can begin to make some dent in these huge deficits" of about \$200 billion.

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Beating drums, supporters of the Argentine government demonstrated Sunday at the Plaza de Mayo in Buenos Aires.

Rebel Soldiers Surrender After Visit by Alfonsín

BUENOS AIRES — President Raúl Alfonsín said Sunday that the remaining leaders of a four-day army rebellion had surrendered and would be detained.

He made the announcement shortly after he visited the Campo de Mayo base and talked to the leader of the rebels, Lieutenant Colonel Aldo Rico.

The president flew to Campo de Mayo after saying, at huge rally in the central square outside Government House in Buenos Aires, that he would make a personal plea to the rebels. He asked the crowd to wait, saying he would return soon with a reply.

After his return, he told the crowd that the rebels had laid down their arms and had been arrested. "Today we can give thanks," Mr. Alfonsín said. "The house is in order and there is no blood."

The government earlier delayed military action against the rebels, amid reports that loyalist troops were resisting orders to attack.

General Ernesto Alai, commander of the government troops, said he had ordered a delay in attacking the rebels, whose leader had vowed to fight to the death.

The uprising began Wednesday, when Major Ernesto Guillermo Barreiro refused to appear in a civilian court for questioning about abuses committed in an army-run detention center in Córdoba in the mid-1970s.

The army leadership responded by dismissing him. He then took refuge in the officers' club of the 14th Airborne Regiment, where he was joined by other mid-level officers.

Major Barreiro fled Friday by car out a back gate of the Córdoba base. His supporters in Córdoba later ended their rebellion, but the rebels at Campo de Mayo refused to surrender.

Up to 600 rebels were en-

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Lieutenant Colonel Aldo Rico, the rebel leader, at Campo de Mayo army base.

Klosk French Reactor Closed by Leak

PARIS (AFP) — A reactor at the Fessenheim nuclear plant near the Rhine River in northeastern France was temporarily shut down after a vapor leak Sunday, officials said.

Officials said radioactivity levels in the released vapor were "not significant" but that they would "proceed anyway with the necessary checks" to ensure public safety.



Clayton K. Yeutter, the U.S. trade representative, is in Tokyo to discuss U.S. sanctions against Japan. Page 7.

GENERAL NEWS

Philippine troops put down a revolt, killing one. Page 2.

Fidel Castro speaks of sports and AIDS. Page 3.

SPORTS

Three Phoenix Suns' players face drug charges. Page 12.

BUSINESS/FINANCE

Dome Petroleum of Canada accepted a \$3.86 billion takeover offer from Amoco. Page 7.

U.S., Soviet Gorbachev Suggests U.S. Blacks Live To Exchange In Separate States, Congressmen Say Test Sites

By Bill Keller

New York Times Service

MOSCOW — Mikhail S. Gorbachev has suggested to some members of Congress that the United States solve its race problems by setting up separate states for blacks and other minorities, according to several members who were present.

Some members of the American delegation said they were startled by the Soviet leader's remark last week. The comment was part of a stern lecture against American interference in Soviet human-rights practices.

Members of Congress said the remark appeared to be spontaneous, and Mr. Gorbachev did not explore it in detail.

But several of those present said they felt the comment reflected a fundamental misunderstanding of how Americans viewed minorities and did not bode well for a meeting of minds on human-rights issues.

"Mr. Gorbachev was rather uninformed about the desires and aspirations of black people in America," said Representative Mickey Leland, a Democrat of Texas.

Mr. Leland, who is black, said that he found the remark "somewhat offensive" and that he mentioned his concern to the Soviet leader as the members of Congress were filing out of the Kremlin meeting room. He said the Soviet leader listened politely and made a noncommittal response.

Representative Les Aspin, a Wisconsin Democrat, recalled that Mr. Gorbachev's comment echoed an idea endorsed by the United States Communist Party in the 1930s to carve out an all-black state to encompass Mississippi and Alabama. The idea was not well received by American blacks.

Those interviewed said that apart from his human-rights remarks, Mr. Gorbachev impressed

them as politically savvy, energetic and committed to change.

According to Representative Norman D. Dicks, a Democrat of Washington, Mr. Gorbachev complained that the United States of-

A U.S. aide saw little hope for increased Soviet Jewish emigration. Page 2.

ten criticized shortcomings in the Soviet Union, but is not "self-critical."

He said the Soviet Union's system of nominally autonomous republics was based on ethnic background and culture, including small regions named for such minorities as Tatars, Jews and Chukchi Indians.

Mr. Dicks said Mr. Gorbachev

suggested that the United States consider providing some separate states for blacks, Puerto Ricans and Polish-Americans.

Report Is Denied

U.S. and Soviet officials on Sunday denied that Mr. Gorbachev made such a suggestion seriously. Reuters reported from Washington.

"He was talking in terms of what they are trying to do in order to create more integrity for their ethnic minorities in their country," said Jim Wright of Texas, the Democratic speaker of the House of Representatives and one of the congressmen who was in Moscow last week.

"It was somebody's invention," said George A. Arbatov, director of the Soviet Institute for U.S. and Canadian Studies.

A Dwindling of U.S. Power?

In Economic Retreat, a Nation Assesses Lost Ground

By Peter Behr

Washington Post Service

WASHINGTON — William E. Leuchtenburg, a prominent historian at the University of North Carolina, is writing the story of America since 1945 for the eagerly awaited Oxford History of the United States.

Looming over that assignment, he said, is a central question: Is the United States slowing down?

Can the nation still generate the expanding harvest of wealth that has backed up its ambitious promises to its citizens and the rest of the world?

"It is the single biggest issue that concerns me," Mr. Leuchtenburg said. "It may be true — we don't know — that no matter how hard we compete, we will still not see the kinds of gains that we knew in the 1950s and 1960s, that we have reached some sense of limits."

If so, the United States faces both economic and political pressures of a new magnitude, he said.

The President's Commission on Industrial Competitiveness headed by John A. Young, the president and chief executive of Hewlett-Packard Co., said two years ago: "Our world leadership is at stake and so is our ability to provide for our people the standard of living and opportunities to which they aspire."

Many surface measurements of the economy's health have not suggested that the United States is running out of steam. For instance, a soaring stock market has created billions in trading profits for investors.

The economy is "muddling" along, to use the economists' favorite description, and most Americans are muddling right along with it.

But a deeper look shows a pattern of erosion in U.S. competitiveness compared with major foreign rivals and an economic vulnerability unknown since the Great Depression of the 1930s.

The United States has been losing ground to competitors in working productivity, corporate profitability, educational achievement, research efforts and innovation, and shares of worldwide markets.

The decline began in the 1970s, but was hidden from sight at first, until exposed by the sudden collapse of the U.S. position in world trade, said George N. Hatsopoulos, a Massachusetts business executive and author of several studies on competitiveness.

That other nations would close the economic gap with the United States was both inevitable and intentional, particularly in the case of Japan and West Germany, whose revival was a goal of U.S. foreign policy after World War II.

But now the gap has closed and

as the United States tries to accelerate, it finds itself bent over by an unfamiliar weight. Almost overnight, the United States has been transformed into a debtor nation.

The U.S. deficit in the flow of goods and services in and out of the country, from 1982 to 1986, totaled \$420 billion and may reach an ac-

culated \$700 billion by the end of 1990, according to George L. Perry, an economist with the Brookings Institution.

The indebtedness means that the economic fate of the United States is linked more tightly than ever to the rest of the world. If the United States cannot take timely, careful action to reduce its budget and trade deficits, it runs an increasing risk of setting off a worldwide economic crisis, as Paul A. Volcker,

chairman of the U.S. Federal Reserve Board, the U.S. central bank, warned.

"The vulnerability of the United States is much greater than it used to be," said C. Michael Aho, senior economist with the Council on Foreign Relations.

A glaring symptom of the new environment is the rapid deterioration of the U.S. position in trade.

In the past five years, foreign goods have flooded the U.S. market, primarily because the high value of the dollar made foreign products cheaper in the United States while boosting prices of U.S. exports abroad, and because of the faster growth of the U.S. economy compared with economies in Europe and Japan.

The imports have brought many benefits to the United States: jobs, low prices and reduced inflation, new innovation and ideas from abroad. Imports have forced overweight U.S. industries to become more competitive.

But the imports also have canceled hundreds of thousands of manufacturing jobs. Many of the new jobs created in their place by a fast-growing U.S. service sector have paid significantly less, on average, than the lost manufacturing jobs.

The result is the meager increase in real wages. Page 2

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See BORDER, Page 6

See FLY, Page 6

Palestinians Cross Border, Raid Israel

By Thomas L. Friedman

New York Times Service

JERUSALEM — Two Israeli soldiers were killed Sunday in a shoot-out with a small band of Palestinian guerrillas who slipped past Israeli troops in southern Lebanon, cut through the border fence and crossed into northern Israel, an Israeli Army spokesman said.

The Israeli radio said that three Palestinian guerrillas, who crossed the border near the Menara kibbutz, "were wiped out," but not before they were able to kill the two Israeli soldiers who had tracked down their hiding place in an apple orchard inside Israel.

An army spokesman confirmed that all the guerrillas were killed, but declined to specify their number.

[Several hours after the raid, an Israeli military spokesman said Israeli helicopters had attacked a one-story building used as a base for launching "terrorist operations" on Israel, returned safely to base and reported scoring "accurate hits," United Press International reported from Tel Aviv.]

[The statement did not identify which group used the building on the outskirts of the Rashidiyah Palestinian refugee camp near the southern Lebanese port of Tyre, 13 miles (20 kilometers) north of the border with Israel.]

For Israel it was the bloodiest cross-border incident since April 1980, when three Israeli civilians died and five Palestinian gunmen were killed during an attack by the guerrillas on the northern Israeli border settlement of Misgav Am.

A Middle East expert at Tel Aviv University, Clinton Bailey, said the guerrilla raid appeared to be timed to coincide with the convening on Monday in Algiers of the Palestine Liberation Organization's so-called parliament in exile. One PLO group probably was trying to either demonstrate its strength or upstage the others by launching a spectacular attack into Israel on the eve of the meeting, he said.

The Palestinian guerrillas were from Yasser Arafat's el-Fatah organization and were found carrying a list of Palestinian prisoners in Israeli prisons whose release they

sought as a class.

"Under their agreements, the airlines can change their programs anytime," said Spencer J. Marks, a lawyer who represents a group of frequent fliers in Chicago suing United Airlines. "I've no problem with that. But they can't do it retroactively. It's a fraud to induce someone to do something, then take away the benefits."

The unbridled growth of the programs has contributed to the current situation. Airlines are offering more bonus points than ever through an array of participating commuter and foreign airlines, hotels, rental car companies and even credit card tie-ins.

That adds up to more people redeeming awards, which the airlines say has forced them to raise the plateaus for their most popular destinations and restrict the number of giveaway seats on certain flights. One problem they cite is that travelers flying free to

recent decisions by many carriers to increase mileage levels needed to win free trips or better seats to such popular destinations as Hawaii and Western Europe.

Many travelers say they were on the brink of reaching awards for big trips when the airlines upped the ante. Most have given travelers at least a month's notice to redeem their miles under old award schedules, but many fliers say that is not enough warning.

The airlines, which have periodically tinkered with the award levels, but never on such a sweeping basis, have always reserved the right to change their programs. And they say now that they have lowered as many levels as they have raised, and have added some new prizes.

The controversy casts a cloud over one of the most successful marketing gimmicks in airline history. Three states are conducting consumer fraud investigations and at least two lawsuits have been filed against airlines

by groups representing passengers as a class.

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A Dutch Abbey's Easter for 'Dispossessed'

By Francis X. Clines

New York Times Service

HESSWIJK, the Netherlands — A bright pile of yellow flowers, fresh cut from this nation's spring treasure of blossoming fields, was all that punctuated the Good Friday hush when Jesus was pronounced dead once more in the church of Berne Abbey.

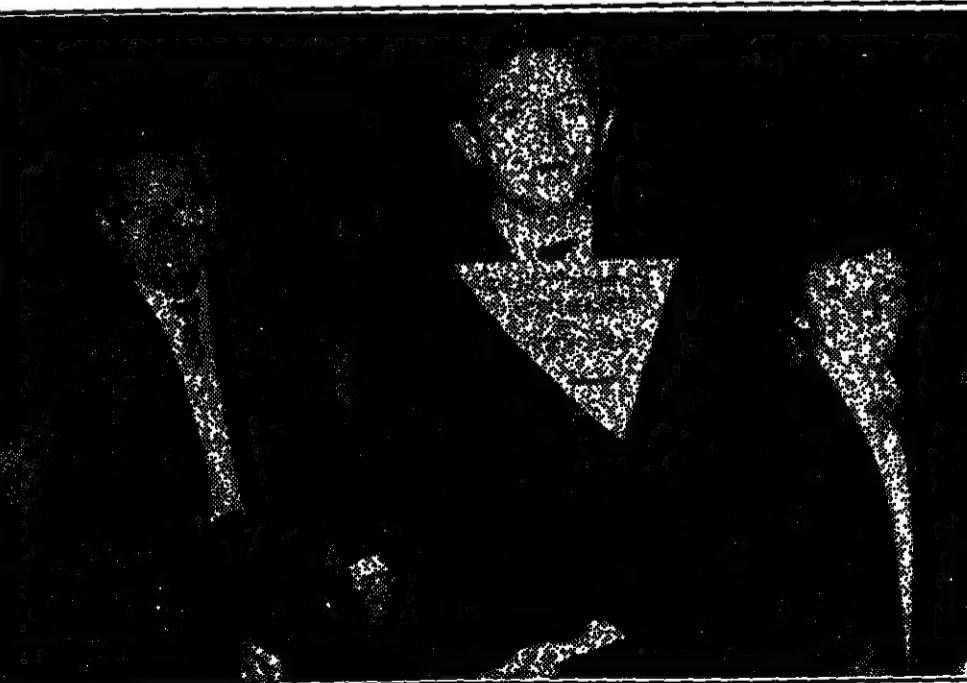
"He bowed his head," the priest chanted at the altar, singing in Dutch the old tale of Jesus's crucifixion agony. "And he died."

The church was filled and the congregation instantly went to its knees, just as all of Roman Catholicism did this Easter weekend, in preparation for the Sunday celebration of resurrection and the victory over death.

Here at Berne Abbey, such a scene might have seemed unusual for less knowledgeable outsiders who regularly come to visit the famous "dispossessed" Catholic abbey run by the Reverend Arthur Baeten.

He is the abbot of the Berne congregation of Norbertine monks, and he understands Jesus's gospel to mean that he must offer old-fashioned church sanctuary to those he has termed "the Vatican's dispossessed" — dissident Catholic priests and laymen.

Homosexuals, lesbians, unmarried and remarried lay people whose unions are condemned, these and more are welcomed to Berne Abbey to reside and confer for a time in a religious atmosphere. Various people who might be denied the sacraments elsewhere but who consider themselves true



HOMOSEXUAL PROTEST — A Dutch homosexual wearing a pink triangle with the legend "practicing homosexual and Catholic" at an Easter Mass in Den Bosch to protest the policy of Bishop Johannes ter Schure to refuse communion to homosexuals. The pink triangle was the symbol used by the Nazis during World War II to identify homosexuals.

Catholics receive communion and reside in the 855-year-old abbey.

The abbot, who is thought to be more than routinely monitored by his superiors in the church bureaucracy in Rome, has lately been avoiding outside interviews, although his views remain consistent with the sanctuary policy.

"After much heart-searching, I decided that the time has come for Berne to regain its original function as a place of refuge," Father Baeten said when he first opened the abbey

to troubled Catholics several years ago. "All those to whom the fields in the southern Netherlands are hardly a matter of concern for many Dutch Catholics, who proudly point to their individualism over the years in dealing with official pronouncements.

Attendance at Mass among the 5.5 million baptized Catholics, who are more than a third of the Dutch population, has fallen to about 20 percent currently from 60 percent in the 1960s.

In fighting for its own orthodoxy, the church hierarchy's latest bans and cautions against supporting euthanasia and homosexuality in Holland have come to be at odds with public opinion polls that show Catholic laymen mildly accept this

See DUTCH, Page 6

Philippine Loyalists Put Down Army Revolt

MANILA — One mutineer was killed and two hostages wounded as forces loyal to President Corason C. Aquino put down an eight-hour revolt by a small group of soldiers over the weekend.

The armed forces chief of staff, General Fidel V. Ramos, said the mutineers would face "severe punishment."

The military said it was holding 12 soldiers under heavy guard at army headquarters in Manila after crushing the mutiny, during which the rebels demanded that Mrs. Aquino resign and hand over power to the military.

[Nineteen soldiers who joined the mutiny are missing, the official Philippine News Agency said Sunday, Agence France-Presse reported.]

[The names of the 19 soldiers, who were among those freed by the rebels, were missing from the official list of those who were recaptured, the government news agency said, citing military reports.]

"I don't know what happened," the agency quoted an armed forces spokesman, Colonel Honesto Isleta, as saying. "They may still be hiding inside the camp, kept by sympathizers, or they may have escaped."

Led by a former sergeant, Ernesto Librado, a member of the bodyguard unit of former President Ferdinand E. Marcos, the soldiers seized the headquarters building and tried to release 102 soldiers awaiting court-martial for their alleged part in a military revolt in January, a presidential statement said.

It said that 42 of the detained soldiers, as well as nine military policemen guarding them, joined the group.

Mr. Librado had been absent without leave from the army since Mr. Marcos fled the Philippines for exile in Hawaii.

The mutiny erupted at 3:45 A.M. Saturday when 13 rebel soldiers in a truck rammed their way through the main gate of Fort Bonifacio, the army headquarters in Manila, the statement said.

General Ramos said later that when the rebels found the camp's gate blocked they raided an armory, seized about 10 guns, and then occupied the main headquarters building after taking about 20 hostages, including four colonels, Captain Isidro Codera of the navy and some civilian janitors.

General Ramos said Captain Codera and an unidentified civilian were wounded in an exchange of fire. He did not give further details.

General Ramos said an assault on the building was ordered "with instructions that there must be a minimum number of casualties." The mutiny ended shortly afterward. Two of the rebels were captured and the rest surrendered.

Witnesses said 200 troops backed by armored vehicles had surrounded the building.

It was the fourth time Mrs. Aquino has faced open revolt by dissident soldiers since she took power 14 months ago. The president has also been buffeted by frequent rumors of coup plots by military officers unhappy with her handling of the 18-year-old Communist insurgency.

The Manila area commander, Brigadier General Alexander Aguirre, said on Monday that pro-Aquino forces had temporarily neutralized a plan by disgruntled soldiers to take over an international school and via installation.

Defense Minister Rafael Ilano said there were unverified reports of a coup plot by about 1,000 low-level soldiers.

General Ramos said the military was still trying to determine whether the latest mutiny was an isolated incident or part of a fresh coup attempt.

Charge by Marcos
Mr. Marcos said Saturday that Communists and supporters of President Aquino "staged and managed" the mutiny to distract Filipinos from the May 11 election. The Associated Press reported from Honolulu.

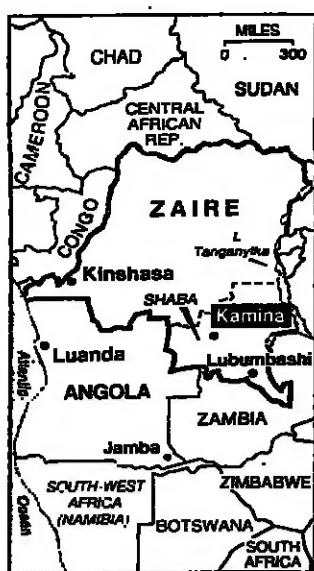
Mr. Marcos, in a statement, repeated his claim that he has neither the intention nor the capability to mastermind a coup against the Aquino government.

"The mutiny," he said, "was staged and managed by the Communists and the Aquino supporters in a deliberate effort to distract the enthusiasm of the people for the coming May 11 election, where it is accepted that there would be a substantial number of opposition candidates elected to serve as an effective balancing force against the oppressiveness of the Aquino government and the Communists."

7 Skiers Killed in Switzerland
VERBIE, Switzerland — Avalanches and accidents have killed seven skiers in the Swiss Alps over the weekend, the police said Sunday.

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U.S. Troops Train With Zaire Forces

By David B. Ortaway
Washington Post Service

WASHINGTON — U.S. Army Special Forces has begun a joint exercise with Zairian troops at an air base in southern Zaire that the Defense Department wants to rehabilitate for possible use in southern Africa.

The two-week exercise, sponsored by the U.S. European Command and called Fintlock-87, began Tuesday and involves "less than 150" army, navy and air force personnel from Europe and the United States, according to Pentagon and State Department officials.

A Pentagon spokesman said the exercise does "not relate in any way to current world problems or tensions" and will not involve any investment of U.S. money or materials in the Zairian air base.

The air base, at Kamina in Shaba Province, is the installation the Central Intelligence Agency has reportedly been using to transport the bulk of \$15 million of covert U.S. military assistance going to Jonas Savimbi's guerrilla forces fighting the Marxist government in Angola.

Any expenditures on restoring the base would require the United States to negotiate a formal access agreement with Zaire.

Angolan Rebel Claim
Mr. Savimbi's rebel group, the National Union for the Total Independence of Angola, said Saturday that it controlled the strategic Benguela railway and said it would not allow the rail line to reopen unless the government in Luanda agreed to negotiate with them. Reuters reported from Lisbon.

A spokesman for UNITA said that a plan announced by the leaders of Angola, Zambia and Zaire to reopen the 1,200-mile (1,920-kilometer) railroad would not succeed without negotiations.

"If they do not negotiate," the spokesman said, "the railway will not be able to reopen."

Witnesses said 200 troops backed by armored vehicles had surrounded the building.

It was the fourth time Mrs. Aquino has faced open revolt by dissident soldiers since she took power 14 months ago. The president has also been buffeted by frequent rumors of coup plots by military officers unhappy with her handling of the 18-year-old Communist insurgency.

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Pope Pleds For Dignity In Age of Technology

VATICAN CITY — Pope John Paul II, in his Easter message, urged people not to lose reverence for life in the age of technology and to respect the dignity of human beings.

"May the man of the technological age not reduce himself to a mere object but respect, from its very beginning, the unrenounceable dignity that is proper to him," the pope said Sunday in the address traditionally called Urbi et Orbi — to the city of Rome and to the world.

At the culmination of the Roman Catholic Church's Easter celebrations, the pope celebrated Mass for more than 300,000 people in St. Peter's Square.

Afterward, delivering his message in Italian, the pope urged people "always to respect the transcendent dignity of all their fellow human beings, whether they be poor or hungry, imprisoned, sick, dying, wounded in body or mind, beset by doubt or tempted to despair."

"They always remain the children of God," he said. "Each one deserves respect and support, deserves love."

After his address, the pope wished the world a happy Easter in 50 modern languages and in Latin. He spoke in all the Eastern European languages, ending with his native Polish. Among the other languages he used were Arab, Hebrew, Thai, Tamil and Swahili.

In Northern Ireland, meanwhile, thousands of Protestant and Catholic marchers defied new British laws by taking part in traditional Easter parades, watched over by police and army security forces.

In Belfast, prominent members of Sinn Féin, the political wing of the Irish Republican Army, commemorated the 1916 Easter rebellion by marching through Catholic strongholds.

New public order laws require marchers to give police at least seven days notice of a rally.

The IRA staged a show of strength in Londonderry, where 11 men and women took over a street in the Creggan neighborhood.

Easter rallies in West Germany brought out several thousand demonstrators in support of nuclear disarmament, organizers said.

Among the biggest rallies were a demonstration by about 2,500 people at the U.S. cruise missile base at Heselbach, south of Bonn, and one by about 1,000 people at the Pershing-2 missile base at Mutlangen, in southwest Germany.

There were no reports of disturbances.

The organizers of the protests included anti-nuclear, labor, church and leftist political groups. Mass rallies were also scheduled for Monday in several large cities.

Soweto Man Will Head Church Unit
By William Claiborne
Washington Post Service

JOHANNESBURG — The Reverend Frank Chikane, 36, a black clergyman from Soweto who once was tried for treason and acquitted, will become head of the influential South African Council of Churches beginning July 1.

The council is an umbrella organization for the country's English-speaking denominations. It is one of the most influential religious bodies that monitor and speak out against the government's apartheid policies.

Mr. Chikane will replace the Reverend C.F. Beyers Naude, the rebel Dutch Reformed cleric who shocked his fellow Afrikaners in 1963 when he left his congregation to head the non-banned anti-apartheid Christian Institute. A month later he resigned from the second Afrikaner society, the Broederbond, rather than abandon his opposition to racial segregation.

Mr. Chikane, general secretary of the Institute of Contextual Theology and a member of the Apostolic Faith Mission, is a former follower of Steve Biko, the black nationalist who died in prison in 1977 after allegedly being tortured.

Mr. Chikane was suspended as a minister of the Apostolic Faith Mission in 1980 because of his involvement in black activism. The Institute of Contextual Theology is a proponent of close involvement with the masses.

Mr. Chikane later became vice president of the United Democratic Front, a coalition of more than 700 anti-apartheid groups, and was responsible for Front activities in the populous Transvaal Province.

Most of the United Democratic Front's leaders are either in detention or have gone underground. As recently as two months ago, Mr. Chikane was urged by friends not to return to South Africa from a trip abroad because of the possibility that he might be arrested.

Sources in the Front said members who had been detained and released had reported that if Mr. Chikane returned to South Africa he would be put in jail and would "never get out alive."

In 1985, Mr. Chikane was charged with treason along with 15 other prominent black nationalists but was acquitted.

Vatican Asks Bishops' Help In Cutting Its Budget Deficit
Washington Post Service

VATICAN CITY — Alarmed by prospects of an ever-widening budget deficit, the Vatican has sent letters to each of its 3,000 bishops soliciting funds to help the church administration get out of the red, according to Vatican officials.

It was decided to send the letter last month at a meeting of 15 cardinals appointed by Pope John Paul II to seek a solution to the deficit.

The cardinals forecast that the shortfall would reach \$63 million this year.

Church and banking officials interviewed at the Vatican in recent weeks said, however, that such predictions overstated the situation.

"The true picture of the Vatican's finances is a lot more complex than the cardinals are prepared to reveal," said a Vatican prelate who asked that his name not be used.

The figures given by the cardinals are for the Vatican bureaucracy, foreign service and worldwide shortwave radio station, the multi-language newspaper L'Osservatore Romano and other publishing interests, and salaries for the Vatican's 3,000 employees.

The letter omits details of the Vatican's total wealth and income, officials said. While it lists expenditures and revenues from rents of local church properties and other operations, it does not include revenues from investments and other transactions of the Institute for Religious Works, or Vatican bank.

French Convict-Writer Draws 7-Year Term
The Associated Press

ROUEN, France — Roger Knobelspiess, a convict-writer popular with the French left, has been sentenced to seven years in prison by a Rouen court in connection with a 1982 shoot-out with police.

The prosecutor, Roger Tacheau, called Mr. Knobelspiess an "incorrigible delinquent." Mr. Knobelspiess, 40, who has spent nearly half his life in prison (theft and robbery charges) and published two books in the 1970s criticizing prison conditions.

COMPETE: Can U.S., in Economic Retreat, Still Exert World Influence?
(Continued from Page 1)

in the wages of U.S. workers in recent years. The average wage, adjusted for inflation, has dropped about 5 percent from the level of 1972, Mr. Young said.

That statistic may overstate the problem somewhat — the per capita income of Americans has risen, for example, mainly because of the growth of income over two wage families. But the trend in wage growth has been stagnant by any measure, and it will be hard to reverse, economists say.

The trade deficit is the greatest threat to U.S. living standards. It represents a binge of spending and investment by Americans financed by foreigners, who will own a corresponding \$700 billion in American debt and other assets by the end of 1990, Mr. Perry said.

Just paying the interest on that debt will cost Americans as much as \$60 billion a year by 1990 — about one percent of the U.S. gross national product, which measures the total value of goods and services produced in the country, excluding income from investments abroad. The debt payments will lower U.S. living standards by



A Toast to Honor Israel's Military Leader

Yitzhak Rabin, the Israeli defense minister, center, toasting the departing commander of the nation's armed forces, Lieutenant General Moshe Levy, right, on Sunday. Succeeding General Levy as chief of the general staff is Lieutenant General Dan Shomron, left, leader of the Israeli raid that rescued passengers of a hijacked airliner at the Entebbe airport in Uganda in 1976.

Arafat Foes End Boycott, Outlook Dim Will Attend Algiers Talks For Jewish Emigration

ALGIERS — A number of Syrian-based factions of the Palestine Liberation Organization are ending a boycott of the Palestinian National Council, the PLO's so-called parliament in exile, to attend its session opening on Monday, one of the groups said Sunday.

Nayef Hawatmeh, head of the Damascus-based Democratic Front for the Liberation of Palestine, said at a news conference that all eight factions that had taken part in preparatory talks for the Palestinian National Council would attend.

Among them is the Fatah-Revolutionary Command, headed by Sabri el-Banna, better known as Abu Nidal. The group has opposed the policies of Yasser Arafat, chairman of the PLO.

Talking of a return to a "golden age" of Palestinian unity of the 1970s, Mr. Hawatmeh said: "This session of the PNC is held on the basis of PLO reunification and on the basis of correcting mistaken policies that have been prevailing in the past four years."

The Syrian-based groups opposed to Mr. Arafat boycotted the last session in 1984 of the council, the PLO's highest decision-making body.

The session will debate a proposed Middle East peace conference and Arab leaders have said they will be looking for a clear signal from the council on the issue before holding an Arab summit meeting, long-delayed because of quarrels among Arab nations.

A draft resolution was being drawn up calling for a peace conference attended by the five permanent members of the United Nations Security Council — the Soviet Union, the United States, Britain, France and China — an independent PLO delegation and other parties concerned in the Arab-Israeli conflict, PLO sources said.

The Syrian-based PLO groups have demanded a price for their attendance at the council meeting and for PLO reconciliation.

As part of that price, Mr. Arafat has announced cancellation of a 1985 accord he made with Jordan, a decision yet to be formalized by the 426-member council.

In effect, the accord has been dead since the well-publicized split between King Hussein of Jordan and Mr. Arafat in February 1986, when Hussein suspended the agreement and accused Mr. Arafat of reneging on a pledge to support UN Resolution 242, which, among other things, recognizes Israel's right to exist.

Mr. Arafat also has come under strong pressure to cut relations with another moderate Arab nation, Egypt. It was the issue of contacts with Egypt that caused a major split in PLO ranks after a 1983 Syrian-backed rebellion against Mr. Arafat.

Mr. Arafat's group, el-Fatah, the biggest in the PLO, has made clear it supports continued contacts with Cairo, still officially shunned by most Arab nations because of its 1979 peace treaty with Israel.

After nearly a week of negotiations in Algiers among eight PLO factions, the question of ties with Egypt remained unresolved, although a compromise might be agreed that groups could state their differing positions at the council meeting, Palestinian sources said.

Syria, seeing some of the Damascus-based groups drifting away from its control, has indicated it is ready to ease opposition to Fatah.

Egypt Ties Restored
Morocco, Algeria and North Yemen will restore diplomatic relations with Egypt, the newspaper Al-Qabas said Friday, United Press International reported from Kuwait. Relations have been severed since Cairo's peace agreement with Israel in 1979.

U.S. Ferry Recovery Suffers Setback
BRUSSELS (Reuters) — The refloating of the British ferry Herald of Free Enterprise, in which up to 200 people are believed to have drowned, has been put back by at least four days after stings attached to it by salvage workers broke.

A spokeswoman for Townsend Thoresen, owners of the vessel, said Sunday that operations to bring the vessel upright from its 15-degree list in preparation for pumping out seawater were halted late Saturday.

The ship turned onto its side on March 6 just minutes after leaving Zeebrugge, Belgium, headed for Dover, England. The confirmed death toll stands at 174.

Afghans Kill 2 Soviet Border Guards
MOSCOW (WP) — The Soviet news agency Tass reported that two Soviet border guards were killed in attacks by Afghan guerrillas inside Soviet territory.

Tass said that on the night of April 8, an Afghan force crossed the Pyandzh River and attacked a detachment of Soviet guards, two of whom were killed. The Afghans retreated after suffering heavy casualties, Tass said.

The report was the second from Moscow about attacks by Afghan guerrillas inside Soviet territory. On April 2, the newspaper Pravda reported there had been a rocket attack in March on the frontier settlement of Pyandzh, in which one civilian was killed and two others wounded.

For the Record
The "saddest death" of Ryabek Myrzashev, first secretary of the Chirchik Communist Party in the Kazakhstan region, was announced Sunday by the Communist Party newspaper Pravda.

Annette Strauss became Dallas's first elected woman mayor on Saturday, outpolling Fred Meyer in the costliest mayoral race in the city's history. With all 281 precincts reporting, Mrs. Strauss had a margin of 55.9 percent to 44.1 percent, or 61,978 votes to Mr. Meyer's 48,710. (AP)

Aminette Fumani was sworn in Saturday as prime minister of a minority Italian government that is expected to lose a vote of confidence in Parliament in the coming week, paving the way for elections on June 14. It is Italy's 46th postwar government. (NYT)

TRAVEL UPDATE
Measures to speed the evacuation of French-operated airliners by widening and improving emergency exits and simplifying instructions to passengers have been announced by the French government. (Reuters)

DOONESBURY
HELLO, THIS IS DR. DOONESBURY. BERNIE SPANISH! HOW MAY I HELP YOU?
YES, BENNY. IS THE DOCTOR IN THIS HIS BROTHER?
I'M SORRY, MR. DOONESBURY, HE'S TURNING HIS CABLE SHOW TODAY.
HIS WHAT?
HE DIDN'T TELL YOU, DID HE? HE'S DOING A PILOT CALLED YAK. DR. DOONESBURY, IT'S SORT OF A SEXED-UP TALK SHOW FOR TEENAGERS.
—AND SEEMS LIKE THIS TOTAL FOLK. OKAY, BUT HE DIDN'T TAKE A BLOOD TEST!
SO WHAT DO WE THINK IS SEAN A JERK? HELP ME OUT!

The dollar's rise was directly related to the decision by President Ronald Reagan and Congress in 1981 to grant a massive tax cut to Americans without a corresponding reduction in federal spending.

The decline in the dollar since February 1985 is helping revive U.S. manufacturers, but many economists are betting that the medicine is not enough to bring the trade deficit below \$100 billion a year in the foreseeable future.

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The decline in the dollar since February 1985 is helping revive U.S. manufacturers, but many economists are betting that the medicine is not enough to bring the trade deficit below \$100 billion a year in the foreseeable future.

WORLD BRIEFS

Prison Rejects Subpoena for Mandela

JOHANNESBURG (UPI) — A spokesman for the head of South Africa's prisons vowed Sunday to fight an attempt to have Nelson Mandela, the imprisoned leader of the African National Congress, testify in a treason trial.

The spokesman said Sunday the department had rejected a subpoena calling for Mr. Mandela, 68, to give evidence at a trial in Pietermaritzburg. Mr. Mandela has not been seen in public since 1964.

The prison spokesman said that lawyers defending nine black men convicted of treason were expected to continue attempts to obtain a court order for Mr. Mandela's temporary release from Cape Town's Pollsmoor Prison. He said the commissioner of prisons, General W.H. Willems, intended to fight the move.

Sierra Leone Reports Invasion Threat

FREETOWN, Sierra Leone (Reuters) — Troops and armored vehicles were deployed along Sierra Leone's coast after intelligence reports indicated that external forces planned to invade the country, according to sources close to the Defense Ministry.

They could give no further details of the invasion plans, which came four weeks after Sierra Leone's president, Major General Joseph Saidu Momoh, foiled an attempt to overthrow him.

The sources said Saturday that soldiers patrolling Sierra Leone's borders had been increased and guards reinforced at Freetown's main prison, where suspected coup plotters are detained. Momoh loyalists quickly crushed the March 23 coup attempt and more than 30 persons were detained, including a former vice president, Francis Minah.

Soviet Lists Conditions for Israeli Ties

KUWAIT (Reuters) — A Soviet deputy foreign minister, Vladimir F. Petrovsky, on Sunday ruled out a resumption of diplomatic relations with Israel until that country gave up Arab lands taken in the 1967 Arab-Israeli war and agreed to international peace talks.

Mr. Petrovsky, addressing a news conference here at the end of a four-day visit, said he believed circumstances were right for an international Middle East peace conference.

He was also scheduled to visit the United Arab Emirates, Iraq and Oman, all Gulf Arab states with which the Soviet Union has diplomatic ties. Moscow has been pushing for an international conference under United Nations auspices to resolve the Arab-Israeli conflict and has said that the meeting should be attended by the permanent members of the UN Security Council as well as all parties directly involved.

Vietnam Reports Large Voter Turnout

BANGKOK (Reuters) — Vietnam reported a heavy turnout Sunday in general elections aimed at easing out the Communist Party's old guard and bringing in a new and more efficient government.

Voice of Vietnam radio said more than half the voters cast their ballots before noon. It was the third election since reunification in 1975 and the country's most open to date. Voters were offered 829 candidates for 496 seats and urged to pick a more dynamic legislature to carry out the new reformist policies set out by the ruling Communist Party.

Pham Van Dong, who has been prime minister since 1955, confirmed he would step down when the new assembly meets in June, according to the radio report, monitored here. "I've been in this post too long," Mr. Dong, 81, was quoted as saying. "The National Assembly will find a worthy person to hold this post," he said.

U.K. Ferry Recovery Suffers Setback
BRUSSELS (Reuters) — The refloating of the British ferry Herald of Free Enterprise, in which up to 200 people are believed to have drowned, has been put back by at least four days after stings attached to it by salvage workers broke.

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Afghans Kill 2 Soviet Border Guards

MOSCOW (WP) — The Soviet news agency Tass reported that two Soviet border guards were killed in attacks by Afghan guerrillas

Castro Holds Forth On Sports and AIDS

Cigarless, in Role of Good Neighbor

By Joseph B. Treaster

New York Times Service

HAVANA — Shortly after midnight, in the starry modern Palace of the Revolution, Fidel Castro was presenting himself as the good neighbor.

Harmony with Washington, he said, ignoring years of insult-trading and wars by proxy, "doesn't depend on us."

The first group of American journalists to interview Mr. Castro in a year or so had crowded around him to talk about sports, specifically the Pan-American Games, to be held in August in Indianapolis.

Someone explained that a controversy had arisen over the raising of the Cuban flag at a center of the games, a place called American Legion Hall.

"It seems to me that controversy doesn't make much sense," Mr. Castro said through an interpreter in soft, measured Spanish. "It seems we are living in a civilized world. In our country when we have sports competitions and American teams compete, the two flags are always there. I don't think Indianapolis you will have such prejudices."

Soon Mr. Castro, 60, was off into talk about health and medicine.

and, for a moment, the sorry state of relations between the United States and Cuba.

The man who has made volcanic mood changes a hallmark was in good spirits, and nothing seemed to rile him.

Cuban exiles who call him a liar must not know "how things are in Cuba," he said.

On the prickly question of whether he, a lifelong sportsman and fan, would like to attend the games, Mr. Castro grinned at the police chief of Indianapolis, Paul A. Ames, who was in the room. "I think it would multiply his work," the Cuban leader said.

The day before, after months of accusations by exiles in the United States of a cover-up, Mr. Castro's government had issued its first extensive report on AIDS in Cuba, reporting that three Cubans had died because of acquired immune deficiency syndrome and that a special isolation unit had been created for the 108 Cubans who have been discovered to be infected by the virus.

Mr. Castro said that he was concerned about AIDS but that the spread of the disease had so far been minimal and that Cuba was in



Harmony with Washington
'doesn't depend on us.'

— Fidel Castro

"an excellent situation" to cope with it.

Although nothing had been disclosed until Friday, he said that for more than a year Cuba had been treating people infected by the AIDS virus with a special diet, which he did not describe, and the experimental drug interferon.

Even though as recently as last week Cuban health officials told American journalists that they knew of only one death from AIDS in Cuba, Mr. Castro denied that Cuba had tried to conceal the extent of the disease.

He said that none of the 108 infected Cubans had developed AIDS or symptoms of the disease and that he believed Cuba had been "able to create a protective system" for them.

Mr. Castro said he believed that quarantining the victims in one medical facility, along with testing potential blood donors and Cubans returning from places with relatively high incidence of the disease, had been important in containing it in Cuba.

He said that the special AIDS unit was in the countryside near Havana and that it looked more like a farm than a hospital. He recalled that during an outbreak of dengue fever, for which Cuba blamed the Central Intelligence Agency, a mandatory quarantine had also been imposed.

Wars in Central America and Africa were not on the agenda as Mr. Castro stood for nearly an hour with the Americans in a small, sparsely furnished visitors' room in the palace, where he has his office.

He wore what looked like a new olive-green field jacket and webbed belt over an equally new-looking fatigue uniform. He also wore well-polished black combat boots and his familiar green field cap. But the long Cuban cigar that once seemed as much a part of him as his beard was missing.

Mr. Castro gave up smoking a few years ago to set an example for the country, he said. Many Cuban still smoke but Mr. Castro seemed pleased to report that domestic sales of cigars and cigarettes had fallen by \$80 million in the last year.

Cuba has not cut back on tobacco exports, which are an important source of income.

Not even the thought of Cuba's severe economic problems, with earnings down in most sectors and the prospect of a worse than usual sugar harvest, seemed to burden Mr. Castro for the moment.

He joked about the declining value of the U.S. dollar, saying that at least "accommodations will be less expensive" in Indianapolis.

Book Says U.S. Knew Marcos Plan For '72 Rule

By Fox Butterfield

New York Times Service

WASHINGTON — Contrary to official assertions, the U.S. Embassy in Manila knew that Ferdinand E. Marcos was about to declare martial law in 1972 and did not act to stop him, according to a new book by Raymond Bonner.

Drawing heavily on previously classified State Department and Central Intelligence Agency documents, Mr. Bonner contends that the CIA got a copy of the martial law declaration several days before Mr. Marcos announced it. The document was provided by a Filipino informer the CIA had recruited from among the small group of exiles who helped Mr. Marcos plan martial law.

The book also contends that Mr. Marcos was not concerned about possible adverse American reaction because he had telephoned President Richard M. Nixon, who said he had no objection to Mr. Marcos assuming absolute power.

The book, "Waltzing With a Dictator: The Marcoses and the Making of American Policy," will be published this month by Times Books. Mr. Bonner is a former correspondent for The New York Times who has also written a book about El Salvador.

In his new book, Mr. Bonner asserts that American acquiescence to martial law was part of a long-term pattern of the American role in postwar Philippine politics. The book says that role was to bolster leaders who were seen as friendly to Washington regardless of how corrupt or oppressive they were.

Mr. Bonner said Mr. Nixon declined to be interviewed for the book.

These are among the other disclosures in the book. Mr. Bonner says that in 1953, the CIA provided more than \$1 million to help elect Ramon Magasayay. He was president from 1953 until his death in 1957.

To help persuade Mr. Marcos to dispatch a small civil action team to Vietnam, President Lyndon B. Johnson agreed to pay him \$39 million secretly, with State Department officers delivering the money in quarterly checks.

The CIA early on was aware that Mr. Marcos and his wife, Imelda, were amassing huge personal fortunes. In 1969, four years after Mr. Marcos was first elected president, an agency profile concluded that he had already stolen several hundred million dollars.

A CIA study of Mrs. Marcos in 1976 determined that she had taken over a portfolio of four dozen companies, including several banks, worth at least \$150 million.

The most striking new material in the book is Mr. Bonner's disclosure that the CIA warned the embassy that Mr. Marcos would declare martial law in 1972.

Mr. Nixon "seemed bored" by the news, a former member of the National Security Council staff told Mr. Bonner. Ambassador Henry Byrd later told Mr. Marcos that Washington would back him if martial law was needed to put down the then-dim Communist insurgency. The insurgency was the pretext Mr. Marcos cited in declaring martial law.

The Communist insurgency, along with one by Islamic militants, remains one of the major problems of President Corason C. Aquino, who succeeded Mr. Marcos after he was ousted in February 1986.

White House Study Urges End to Many Covert Operations

Washington Post Service

SANTA BARBARA, California — An internal White House review of secret intelligence operations has concluded that nearly a third of the covert missions authorized by President Ronald Reagan should be terminated, administration sources said.

The review, ordered following the Iran-contra affair, focused on secret intelligence "findings" such as the one that Mr. Reagan signed to allow the sale of U.S. arms to Iran, the sources said Saturday.

In its report on the Iran-contra affair, the Tower commission criticized the White House for failing to monitor the covert operation properly and for failing to notify Congress.

Covert operations were emphasized under the former CIA director, William J. Casey. The sources said the review targeted covert operations, as distinct from secret intelligence-gathering efforts.

They said the national security adviser, Frank C. Carlucci, was more reluctant than some of his predecessors to use covert operations as an instrument of foreign policy because of the potential for political backlash.

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AMERICAN TOPICS

The Bootstrap Effort For Low-Cost Houses

"America is changing the way it is housing its poor," Mary Jordan reports in The Washington Post. "Instead of traditional rent subsidies, the new thrust is loans with little or no interest. Public housing is out; home ownership is in."

Rather than billion-dollar federal programs, the new efforts are narrowly focused, this one financed by a city, that one by a church group. Nonprofit organizations are becoming nearly as important in providing low-cost housing as the U.S. government.

Under the Reagan administration, the U.S. housing budget has shrunk from \$30 billion in 1981 to \$8 billion today. Many experts say this trend must be reversed if relief is to be found for the estimated 7.5 million low-income Americans who spend more than half their income on rent.

Though local programs are not expected to close the gap, they signal a new approach to housing the needy. Millard D. Fuller, the founder of Habitat for Humanity, which is promoting low-cost housing in 170 cities, likened it to "an old-fashioned barn raising."

Representative Henry B. Gonzalez, the Texas Democrat who heads the subcommittee on housing and community development of the House Banking, Finance and Urban Affairs Committee, said that U.S. funds coupled with the labor and ideas of thousands of communities and nonprofit groups could provide most Americans with decent places to call home.

Short Takes

Seventy-seven percent of Americans believe that couples planning to be married should be tested for AIDS, according to a U.S. News & World Report.

Sighted in New York City's New Gardens neighborhood and reported by Pearl R. Wolf to The New York Times was a car with the much-used "Baby on Board" sign in the rear window. Tied to the back of the car was a

Cable News Network survey. But the magazine says getting such a test can be a real test in itself. Testing is free in most public health clinics, but it costs \$20 in Miami. Clinic phone lines often are busy. Immediate testing is available in Atlanta, but there is a 10-week wait for appointments in Los Angeles and a wait of several months in Boston. Results usually are available from two days to three weeks after the test.

An off-duty Detroit police officer shot himself in the shoulder while trying to kill a rat that he said had attacked him in his garage. Patrolman Joel P. Johnson, 23, said the rat jumped onto his arm and he could not shake it off. So he fired his gun at the animal but hit himself instead. He was hospitalized. The rat reportedly escaped unhurt.

For hard-pressed Texas, the unthinkable may come to pass: a state income tax. Not long ago, even suggesting such a thing would be a legislator "like a 44 magnum at two feet," a state representative, Mark W. Stiles of Beaumont, told The New York Times. But now there is talk of an income tax to replace the oil and gas revenue that has gone dry. For Texas and the other states that have no personal income taxes — Alaska, New Hampshire, Nevada, Washington, Wyoming, South Dakota and Florida — the tax has become more appealing since the overhaul of the federal income tax system, which makes state income taxes, but not sales and other local taxes, deductible from federal taxable income.

Two of the test chambers are nearing completion at the Sunnyvale, California, plant of the contractor, Science Applications International Corp.

"We feel the system is capable of detecting the full range of commercial and military explosives," said William Wall, director of the aviation security branch of the FAA's technical center at Atlantic City International Airport.

The aviation agency is also supporting work on a different type of explosives detector to screen people and carry-on bags at boarding gates. The State Department is jointly financing the effort, with protection of overseas embassies a prime goal.



LIFE UNDER THE FAST LANE — In San Francisco, an architect, Donald MacDonald, offered this solution for the homeless: an \$800 plywood shelter with foam mattress, locker and clothes hangers. This "City Sleeper," as it is called, is placed under a highway overpass.

banner proclaiming, "Just Married."

Notes About People

The American Society of Newspaper Editors has elected its first woman president. She is Katherine Woodruff Fanning, the editor of The Christian Science Monitor. Mrs. Fanning, 59, said she planned to stress the promotion of blacks, women and minority members to the upper echelons of journalism.

She is the former wife of Marshall Field 4th, publisher of the Chicago Sun-Times, and the widow of Larry Fanning, with whom she purchased the The Anchorage Daily News in Alaska. Mr. Fanning died in 1971. Her paper won a Pulitzer prize in 1976 for an investigation of the teamsters union.

Texas boot makers are crafting a pair of jewel-encrusted cowboy boots for Pope John Paul II's visit in September. The papal seal, of dyed leather, gold inlay and rubies, will be centered on the front of each boot. Archbishop Patrick Flores of San Antonio obtained the pope's shoe size during a recent visit to the Vatican. There was no estimate of the cost.

— ARTHUR HIGBEE

U.S.-Cuban Relations Called Worst in Decades

By Julia Preston

Washington Post Service

HAVANA — Relations between the United States and Cuba are the worst in more than two decades, according to a top Cuban official and Western diplomats.

The freeze that set in late last year has, among other things, dimmed hopes of Cubans in both countries for increased transit in both directions, a prospect that appeared briefly in 1985.

Cuban officials contrasted the impasse with Washington to gains in breaking out of their diplomatic isolation with democratic nations in Latin America. Brazil, Argentina and Uruguay have opened embassies or increased their representation in Havana in recent months, the officials pointed out.

No single incident brought on the deterioration with the United States, both sides said. Rather, differences accumulated over the past two years, leaving Cuban officials expressing bitterness and frustration about the lack of progress.

During a "working visit," by a reporter, Cuban officials repeatedly expressed such sentiments, asking why Washington was ignoring bilateral issues.

"Our relations have dipped lower than what we thought could be the lowest point," said Ricardo Alarcon, a Foreign Ministry official who handles U.S.-Cuban affairs. He characterized the chill as the worst since the aftermath of the 1962 crisis during which the Soviet Union sought to place missiles in Cuba.

Events reached a nadir in early December, when the government ordered a nationwide military mobilization, called Basico '86, billed as a rehearsal for a U.S. attack. During the mobilization, on Dec. 8, a U.S. SR-71 spy plane flew the length of the island, rattling windows with sonic booms, Mr. Alarcon recalled.

Although U.S. surveillance flights have been frequent for more than two decades, Mr. Alarcon said they usually skirted the island. He charged that the flight was "deliberately provocative."

Starting Dec. 9, the government organized a three-day protest in front of the U.S. Interests Section, in a seaside plaza dominated by a billboard saying, "Yankee imperialism, we are not afraid of you at all!" On Dec. 11, most Havana city buses were commandeered to bring more than 400,000 chanting Cubans to the plaza for the largest anti-U.S. demonstration in Havana for at least a decade.

Two days later, Cuba suspended charter flights from Miami, which since 1977 had been bringing U.S. diplomatic pouches and goods for the American staff of 20. Since then, at least 16 pouches have been delayed or stopped, diplomats said.

Mr. Alarcon said this and other measures put U.S. diplomats in Havana on the same footing as Cuba's envoys in Washington. He said that since the early days of the Reagan administration no Cuban diplomat has been invited to any official function in the U.S. capital.

On Feb. 1, the Interests Section chief, Curtis W. Kamman, was reassigned to Washington. The post remains vacant.

Just before Mr. Kamman left, he was called to meet with President Fidel Castro, diplomats said. News of the encounter leaked through the diplomatic corps, but both sides have remained tight-lipped about the discussion.

U.S.-Cuban relations have been strained or nonexistent since Mr. Castro came to power in 1959. The current frustration in Cuba seems based on recognition that things are unlikely to improve, at least during the Reagan administration.

"It's as though the United States learned nothing in more than 25 years of coexistence," said Mr. Alarcon. "We feel like we are starting all over again at the beginning."

Willi Smith, 39, Is Dead; U.S. Fashion Designer

By George James

New York Times Service

NEW YORK — Willi Smith, 39, one of the U.S. fashion industry's most successful young designers, known for spirited and trendy clothes, died of pneumonia Friday at Mount Sinai Hospital.

He was admitted for tests to the hospital's intensive-care unit Thursday night with pneumonia, complicated by shigellosis, or bacillary dysentery. He had been ill about three weeks, said Mark Bozek, a spokesman for Mr. Smith.

Mr. Smith apparently came down with the dysentery on a recent monthlong visit to India, where the lightweight cotton fabric he used for many of his clothes was made, Mr. Bozek said.

Mr. Smith, who made inexpensive sportswear under the WilliWear label, was part of a wave of young black designers who came to prominence in the late 1960s. Last year his 11-year-old company had more than \$25 million in sales.

His apartment in lower Manhattan, with its collection of African, Oriental and contemporary works, reflected a love of art that gave his designs an extra dimension, especially in the colors he used.

Mr. Smith, who won the Coty American Fashion Critics' Award for Women's Fashion in 1983, numbered many artists among his

friends. He designed 600 uniforms for workers who helped wrap the Pont Neuf in Paris with material for the artist Christo in 1985.

Cecil Harmsworth King, 86, British Press Baron

DUBLIN (Reuters) — Cecil Harmsworth King, 86, once one of Britain's most powerful newspaper publishers, died in his sleep Friday at his home in Dublin after a long illness, his wife, Dame Ruth Railton, said Saturday.

In 1929 Mr. King, a member of the Harmsworth family of newspaper barons, became director of The Daily Mirror, which he built into the largest mass-circulation daily in Britain. International Publishing Corp., of which he was chairman from 1963 to 1968, was one of the world's largest media groups.

In 1968 he was alleged to have asked Lord Mountbatten, cousin of Queen Elizabeth II, if he would lead an emergency government because Mr. King believed Britain was heading for economic catastrophe.

Mr. King later denied there was any talk of a coup but said he had met with Lord Mountbatten and top government officials after the queen became worried about criticisms of Prime Minister Harold Wilson's administration.

Dick Shawn, 63, Comedian Known for 'Producers' Role

LA JOLLA, California (AP) — Dick Shawn, 63, the comedian best known for his role as a musical comedy Adolf Hitler in Mel Brooks' 1968 film "The Producers," died Friday after collapsing during a performance at the University of California at San Diego.

Mr. Shawn's other films included "It's a Mad Mad Mad Mad World" in 1963 and "Love at First Bite" in 1979.

Soviet-Ghanaian Aid Accord

Agence France-Press

ACCRA, Ghana — The Soviet Union is to rehabilitate an abandoned gold refinery at Tarkwa, western Ghana, under an agreement to be signed between the two countries soon, the Soviet ambassador in Accra, Vyacheslav Semionov, said Saturday.



Willi Smith



Cecil Harmsworth King

White House Study Urges End to Many Covert Operations

Washington Post Service

SANTA BARBARA, California — An internal White House review of secret intelligence operations has concluded that nearly a third of the covert missions authorized by President Ronald Reagan should be terminated, administration sources said.

The review, ordered following the Iran-contra affair, focused on secret intelligence "findings" such as the one that Mr. Reagan signed to allow the sale of U.S. arms to Iran, the sources said Saturday.

In its report on the Iran-contra affair, the Tower commission criticized the White House for failing to monitor the covert operation properly and for failing to notify Congress.

Covert operations were emphasized under the former CIA director, William J. Casey. The sources said the review targeted covert operations, as distinct from secret intelligence-gathering efforts.

They said the national security adviser, Frank C. Carlucci, was more reluctant than some of his predecessors to use covert operations as an instrument of foreign policy because of the potential for political backlash.

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U.S. to Test System for Detecting Bombs on Planes

New York Times Service

NEW YORK — The Federal Aviation Administration is soon to conduct tests of an advanced detection system designed to keep bombs or other explosive devices from being loaded into the cargo holds of airliners.

The system's heart is a detection chamber, able to examine each item of luggage or cargo in six seconds. It will first be given a four-

week trial at San Francisco International Airport and later have similar tryouts at several other terminals.

Government officials say they hope that more polished versions, close to what would eventually be produced in significant numbers, can start going into everyday use in major cities within two years.

The equipment operates by bombarding cargo with streams of

slowed neutrons, a process that makes it possible to detect the presence of nitrogen, used in all known explosives.

Two of the test chambers are nearing completion at the Sunnyvale, California, plant of the contractor, Science Applications International Corp.

"We feel the system is capable of detecting the full range of commercial and military explosives," said

William Wall, director of the aviation security branch of the FAA's technical center at Atlantic City International Airport.

The aviation agency is also supporting work on a different type of explosives detector to screen people and carry-on bags at boarding gates. The State Department is jointly financing the effort, with protection of overseas embassies a prime goal.

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Herald Tribune

Published With The New York Times and The Washington Post

For Lack of Leadership

Each week brings evidence for prophets of economic doom: Brazil defaults on its debt; the monthly U.S. trade deficit hits \$15 billion; the dollar falls to new lows against the yen; President Reagan succumbs to pressure for retaliation against Japan. . . . And for the first time, responsible officials like Chairman Paul Volcker of the Federal Reserve openly speculate about a world financial crisis. Is the crash of '87 in the works?

No. A 1929-scale crash followed by a collapse in economic output is highly unlikely. If there were a collapse now, governments would swiftly shore up the banking system and restore consumer purchasing power. What is possible, however, is a plunge in the dollar that triggers a severe recession.

Even if crisis never comes, the international economy could fall into gridlock as debtors cut back on foreign purchases, developed countries stagnate and the world's poor tumble further into poverty. Governments know the risks and agree broadly on steps needed to protect the stressed financial system from breakdown. What is lacking is strong leadership to make the tough political decisions to match the new realities of interdependence.

Not many years ago America dominated international commerce. Today America shares top billing with Japan and Western Europe, while smaller countries like Saudi Arabia and Brazil have become important actors. Dependence is now mutual.

The big Reagan tax cut of 1981 dramatically increased consumer purchasing power at the expense of domestic saving. That temporarily suited Japan and West Germany, which were delighted to supply the United States with goods and to invest the dollar proceeds. But that sent up the value of the dollar, leaving many American pro-

ducers uncompetitive and creating yawning imbalances in trade. Meanwhile, sharp declines in the price of oil and other raw materials made it almost impossible for developing countries to service their foreign debts. The flow of new capital to Latin America and Africa has stopped, and with it their demand for U.S. goods.

Huge U.S. trade deficits cannot be indefinitely sustained with infusions of foreign capital. Virtually everyone agrees that a continuing stalemate on debt would wreck the Latin economies and destabilize their politics. There is even broad agreement on what must be done to right the economic balance.

Washington must credibly reduce the budget deficit by raising taxes and cutting spending. Efforts to protect U.S. companies from foreign competition must be resisted. Most important, all the economic powers must rethink obsolete growth strategies.

Japan needs to sever the link between prosperity and the growth of exports to America, diverting surplus savings to domestic uses. Europe and Japan must renounce the costly agricultural protectionism that feeds their trade surpluses and depresses world commodity prices. America must take the lead on Latin debt, orchestrating concessions by banks and offering government capital through multilateral lenders.

If the outlines of a fix are clear, what is stopping it? Every reform means pain for someone, and the current generation of leaders lacks the political will to enact it. No one expects overnight solutions to problems a decade in the making. But leaders show little inclination to move in the direction they know is right. Until they do, the world economy will remain at great risk.

—THE NEW YORK TIMES

A Less Nuclear Europe

Europeans are feeling rushed and pushed by the new missile deal. For 40 years the United States has protected a Europe unable, since World War II, to defend itself. The gap was filled with troops to ensure American engagement and with a ladder of weapons to provide the options of "flexible response." Now American protection will go on but some of the terms are changing.

On the ladder of flexible response, the United States is trying to work out with the Kremlin a removal of one and a half ramps: medium-range missiles and, on the Soviet side, which alone has been, shorter-range missiles, too. Other American ramps will stay, including troops, battlefield and tactical nuclear weapons and nuclear-weapon-carrying land- and carrier-based aircraft, plus the strategic deterrent. British and French nuclear arsenals will also stay. So there will be plenty of nuclear arms around: 4,600 American warheads hardly add up to "denuclearizing Europe." Certainly this should ease the European fear of being abandoned to overwhelming Soviet conventional and chemical might.

But of course the fear persists. No one can be entirely comfortable relying on someone else, even a proven friend, for his ultimate

destiny. And Americans sometimes act carelessly. At Reykjavik, President Reagan fed the European nightmare that the United States is so intent on making its own deal with Moscow that it would leave Europe exposed. That is why, last week in Moscow, George Shultz insisted on interrupting the bargaining and consulting the allies. Even as they demand to be consulted, the Europeans sometimes appear to prefer to be dictated to: It lets them ignore hard choices and heavy costs. But a sound alliance of democracies can proceed no other way.

The Americans promise no further nuclear arms outside of a context that looks to negotiate down the threat posed by Soviet conventional and chemical advantage. This is sensible. On the strategic level, however, Europe's claims have not yet been adequately addressed. It fears not only an unbalanced strategic competition but also any agreement that would offer some sort of nuclear shield or other advantage to the superpowers alone. Europeans want predictability and protection against change, things hard to match. They can best get both by being ready to make their own special contribution to the alliance: improving conventional defense.

—THE WASHINGTON POST

Holy Week Reminders

Holy Week, the week of Easter and Passover, was a time to think of renewal and freedom, as good as week as any to believe anew that faith can move mountains. In a cathedral in Cape Town and in a mansion in Moscow, people who gathered for religious services seemed to believe it.

The service in South Africa was convened to do precisely what the government had just forbidden: protest the detention without trial of thousands of South Africans. Black and white, Jew and Christian, with the American ambassador joining in — some 800 protested the state of emergency that has put an estimated 30,000 in jail.

"My plea is for you to rise up and revolt against this ban," said Allan Boesak, president of the World Alliance of Reformed Churches. "This is not the madness of just one man; this is the madness of a government which has long ago lost all legitimacy and can only live on its last days compounded the evil it has begun."

Police gave the protest a wide berth. The government seemed to soften slightly. It had not intended to outlaw prayer in a bona fide religious service, an official said. But vil-

gious leaders did not intend to stop there. They urged the congregation to take the protest beyond the cathedral walls. "If these actions, undertaken in obedience to God's demand, lead to possible charges and imprisonment, so be it," said one.

On the same day, some 50 "refuseniks" long denied permission to leave the Soviet Union, joined in a Passover seder in the home of the U.S. ambassador in Moscow. They celebrated the feast of emancipation, these men and women, many of them only recently freed from prison or exile. Secretary of State George Shultz joined them, an Episcopalian in a white yarmulke. He had brought kosher food and wine from America, and gifts: a handsomely bound copy of the seder ritual for one guest, a picture of another's grandchildren in America. "You are on our minds," he told them.

Two governments denying liberty and justice. Many faiths, asserting that such injustice must be opposed. In this Holy Week of 1987, these were heartening reminders of the strength, and warmth, of religion enlisted in the service of freedom.

—THE NEW YORK TIMES

Other Comment

What About Eastern Europe?

It is an evil empire, President Reagan was right. Not having been on the other side of the Iron Curtain for some 30 years, I had forgotten what Russia has done to Eastern Europe. A visit to Poland is a chastening reminder. It is like going back to the Middle Ages. No progress has been made since I was last here in 1955.

The country gives the impression of having been frozen forever into the drab patterns of postwar austerity: few goods in the shops, no paint on the cracked and peeling buildings, no signs of animation in the streets, and, as for the countryside, only the occasional ancient horse and plough. Even in the main tourist hotels, washbasin plugs are often either missing or attached by sordid string, and one is lucky to find a bit

of jam for breakfast. The most flyblown African country is better off than Poland. And it truly is all Russia's fault for imposing and sustaining Communist governments which stifle every form of free and legitimate economic activity.

This Russian-imposed desolation is a crime against humanity. If there is a bargain to be done with Mikhail Gorbachev, should not the West at least try to make sure that Eastern Europe is included among the beneficiaries? Poland is dying through economic strangulation. Its death throes, in the form of Solidarity, are noble and moving. But admiring the death throes is no excuse for having done absolutely nothing to avert the destruction of a fine and ancient nation.

—Peregrine Worsthorne, editor, in The Sunday Telegraph (London).

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Espionage: So What Else Is New?

By Charles Krauthammer

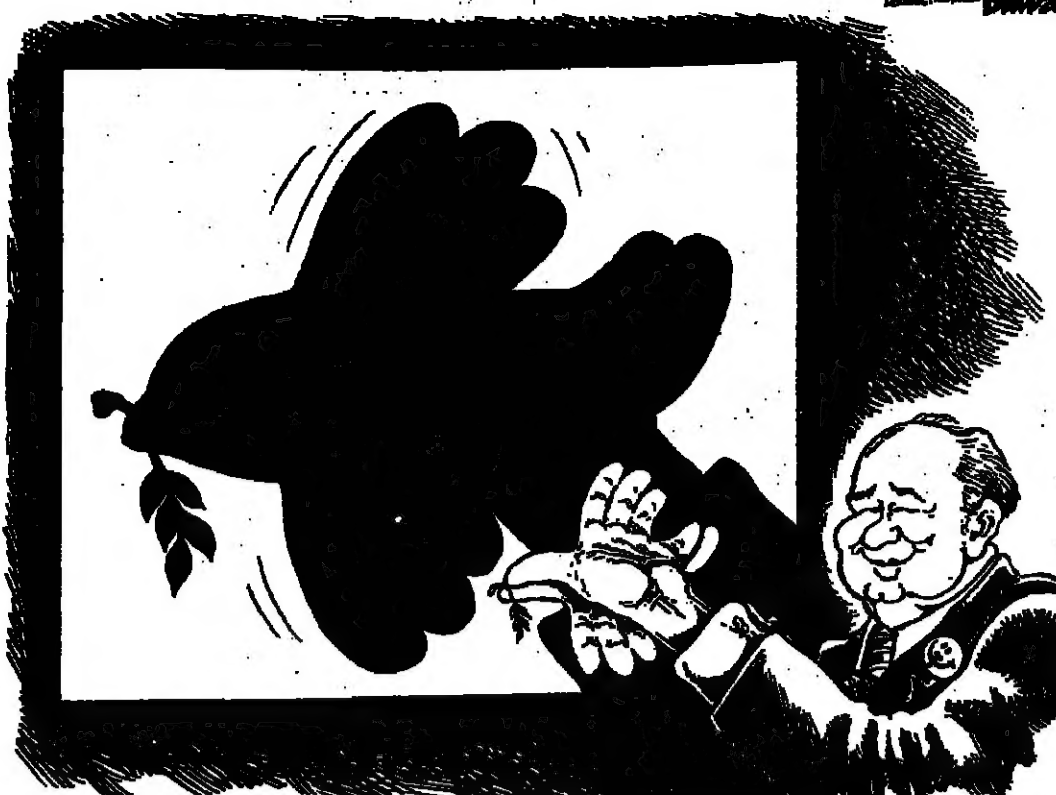
WASHINGTON — Remember the Soviet brigade in Cuba? In 1979, President Carter submitted the SALT-2 treaty to the Senate for ratification. Senator Frank Church, chairman of the Foreign Relations Committee, discovered a Soviet brigade in Cuba. To meet the "crisis," SALT-2 hearings were postponed. The president was put on the defensive and the atmosphere was poisoned. The treaty was delayed and then sunk by the Soviet invasion of Afghanistan. Then it turned out that the brigade had been there for 16 years. It was the non-issue of the decade. But it did its damage.

Every decade has its bogus Cuban brigade. Now we have ours: the embassy spy hysteria.

The greatest deliberative body in the world is again in an arms control mood, pushing for treaties — test ban, SALT, even a revived SALT-2 — from a weakened president. So a weakened president, desperate to shore himself up politically and within sight of a Euro-missile treaty, prepares to dispatch his secretary of state to Moscow for crucial arms control talks. And what happens? The Senate discovers that the Soviets have been spying on the present U.S. Embassy in Moscow, and that the new embassy there is riddled with bugs. Shocked, it passes a resolution urging Secretary of State George Shultz to stay home rather than negotiate with such cheaters.

The Soviets called the American reaction to the embassy story "spy hysteria." The Kremlin is not often right. This case is an exception.

Hysteria it is. There is absolutely nothing new here. The Soviets have been building their bittip, spy-nest Washington embassy for 10 years. Anyone who drives by can see the forest of antennas atop the buildings from which the Soviets can listen in on any conversation they please. It has long been known that the



new Moscow embassy was bugged right down to the concrete foundation. Senator Daniel Patrick Moynihan, for one, has been complaining about the embassy problems for years. Every administration since Richard Nixon's has ignored it. What happens? A couple of Marine Corps guards in Moscow betray their country and let the Soviets in exchange for the favor of a KGB Mata Hari, and Washington goes bananas.

"Whereas the Soviet Union has totally compromised the security of our embassy in Moscow . . .," intoned the Senate, 70-30. Not exactly. The Marines did the compromising. The Soviets walked through an open door. "Sordid tricks," an "affront," an "assault on U.S. Embassy security," complained The Wall Street Journal. A "rape of our national privacy," gasped William Safire. America is "damned up," claimed Secretary of State Shultz. The Soviets have trespassed "beyond the bounds of reason," agreed President Reagan.

And my favorite: Syndicated columnist Rowland Evans and Robert

Novak bravely called for "a full-scale exposure of Soviet [spy] practices whatever the impact on arms control." Since they generally view arms control as an infection in need of a vaccine, they win the 1987 Brer Rabbit ("Please please please don't fling me in that briar patch") Award.

"The Soviets," complained Lawrence Eagleburger, "just go too far." Really? The FBI tried to tunnel into the basement of the Soviet consulate in San Francisco in the early 1970s. I wish they had made it. If FBI counterintelligence is not trying to seduce, blackmail and "turn" Soviet agents in the United States, it should have its appropriations rescinded.

Espionage does not play by Miss Manners. No wonder the Soviets, who operate generally by conspiracy, believe that American natives must be fed and that there are darker reasons for the spy hysteria.

Yet Washington has reacted as if the Soviets had, say, taken over a small Central American country. (Bad example. Washington is fairly calm about that prospect. Say, in-

stead: as if the Soviets had cheated at Olympic hockey.) The Senate, joined by a bevy of columnists, urged Mr. Shultz not to go to Moscow for arms control talks. Why? Because the embassy is not secure? But it has never been secure. To register a protest against Soviet "penetration" of the embassy? But in fact one side was just protesting the other's success at a game they both play.

To his credit, Mr. Shultz went to Moscow and made considerable progress. The hysteria will now shortly blow itself out. What will remain are questions not about American security but about American seriousness.

If Congress pretends to make high national policy on things like arms control, it had better stop these absurd about-faces. Just when negotiations are heating up, to suggest boycotting talks because of an issue that would be utterly peripheral if it were not phony is a demonstration of high unseriousness.

Good thing the Cuban brigade syndrome strikes only once a decade.

Washington Post Writers Group

A Jordanian Appeal: American Jews Can Help

By Mohamed Kamal

The writer is Jordan's ambassador to the United States. This is the first of two articles.

Israel cannot continue to be imposed on the region. It must be accepted by the Arabs, and only a just and lasting peace will bring acceptance. There is no alternative. If Arabs and Jews are to live again in peace and harmony as they did for so many centuries throughout history.

In practical terms, the prospects for peace depend on the mutual Arab and Israeli recognition of three basic principles:

- That the occupation of land and hegemony over people by force is inadmissible.
- That peace can only be negotiated with the participation of all parties involved in the conflict, including the Palestinians.
- That every country in the region, including Israel, must be guaranteed the security of its sovereign existence.

I firmly believe that the American Jewish community can now play a unique and decisive role in reshaping policy, both in the United States and Israel, and become a positive generator of peace between Arabs and Israelis. But the American Jewish community can also, if it chooses, prevent the emergence of the mutually receptive political climate needed to bring about a negotiated settlement of the 40-year-old Arab-Israeli conflict.

The deep commitment of American Jews to Israel, expressed in their moral, economic and political support to the Jewish state, needs no explanation. How they have been able to enlist an equal commitment from the American people nationwide — expressed in almost unquestioned political support and an enormous flow of U.S. economic and military aid to Israel — deserves to be examined. Only then can we see who really holds a key to peace in the Middle East.

A number of dedicated American Jewish organizations, financed and supported by the American Jewish community, lead a campaign to galvanize public opinion and administration policy into unwavering support of Israel. The pro-Israel lobby's primary arena of action is the U.S. Congress, where they work to guarantee American backing of Israel on every level. Their parallel negative concern is to deny American support to any other country perceived as an enemy of Israel, even those countries that have enjoyed long and friendly ties with the United States, such as Saudi Arabia and Jordan.

The past two years saw several examples of the power of domestic politics to harm U.S. relations with moderate Arabs and thereby disrupt chances for peace. One of the most essential elements used by Israel to strengthen its "special relationship" with the United States has been its steady cultivation of an anti-Arab reflex in the American mind. As a result of pro-Israel efforts, the United States has patently ignored or minimized essential economic and strategic interests which it and its Western allies have in the Middle East. In addition to Middle East oil, there is the huge Arab market, which represents billions of dollars annually in Western exports to the region. In contrast, Israel has drained more than \$40 billion in aid from the U.S. government alone.

As for the great concern of U.S. policy makers over Soviet penetration in the Middle East, how can one small country of less than four million people, no matter how great its military might, be considered of more strategic value than the 200 million Arabs who in the final analysis will determine the ideological future of the region?

The contrast provides a final bit of proof that France's once special relationship with the Soviet Union is broken, perhaps beyond repair for years to come. With France persistently and sharply rejecting Mr. Gorbachev's arms control policies and applying the same controls to technology exports as other European countries, the Russians appear to have concluded that they can gain little from keeping it as a privileged interlocutor for Europe.

West Germany has traditionally competed with France for the right to be the Soviet Union's European partner in dialogue. But Chancellor Helmut Kohl is mediating within his badly divided government instead of leading it, particularly on arms control matters. Bonn's positions are seen as mushy and not likely to influence Washington on the issues that still hold Mr. Gorbachev's attention.

Mr. Gorbachev has therefore abandoned the notion of the "Europeans" forming a cohesive bloc on security issues, and is concentrating instead on Mr. Thatcher, the one leader who can influence Mr. Reagan and who has the national support and the temperament to pursue radical new courses if he decides to.

The Washington Post

IN OUR PAGES, 75 AND 50 YEARS AGO

1912: The Last Moments

NEW YORK — The following account of the Titanic disaster is given by Lawrence Beesley of London: "In the distance the Titanic looked enormous. Her length and her great bulk were outlined in black against the starry sky. Every porthole and saloon was blazing with light. It was impossible to think that anything could be wrong with such a leviathan when it was not for that ominous tilt downward in the bows . . . At about two o'clock we observed her settling very rapidly. She slowly tilted straight on end, with the stern vertically upwards, as she did so the lights . . . went out altogether. The machinery roared down through the vessel . . . Then, with a quiet, slanting dive, she disappeared. We longed to return to pick up some of those who were swimming, but this would have meant the swamping of our boat and the loss of all of us."

1937: Supervising Spain

LONDON — A unique experiment in international cooperation to prevent the spread of war began [on April 20] when the full scheme of land and sea control of Spain's coasts and frontiers went into operation. Whether it will actually be effective depends largely upon the navies of Britain, France, Germany and Italy, which are charged with the duty of seeing that outsiders do not smuggle troops or arms into Spain. Twenty-seven nations of the Non-Intervention Committee adopted the scheme. This is the biggest step yet taken to impose the policy of non-intervention which has been the subject of controversy and delays for months. Observers have been stationed for some weeks in the frontier between Spain and France, and ships of four navies will supervise the Spanish coasts.

Explanations for the Bull Market Don't Convince

By Robert J. Samuelson

WASHINGTON — Steven Einhorn should be sitting atop the world. For months the chief investment strategist at Goldman, Sachs & Company has said that stocks would go higher. Others might harbor doubts, but not Mr. Einhorn. He plastered his clients with facts and figures, but his message was simple: The bull market endures.

And so it has. The market has just dropped sharply, but the decline has been from a high. In general the metaphor has rarely seemed so apt. The bull has rumbled over anything that might disturb its advance: irragate, the insider-trading scandal, gyrating oil prices. The first-quarter gain of the Dow Jones industrial average (23.2 percent) was the second best since World War II. Since the summer of 1982, stock values have nearly tripled. The market has made Mr. Einhorn look like a genius.

It makes me feel like a moron. The biggest bull market since World War II begs for meaning beyond the stock statistics. I wish I could supply it.

Having purged inflation's excesses, is America launched into greater prosperity? Or has the market gone mad? It is one or the other — or something in between. Don't look to Wall Street for insight. Even the sober market analysts, like Mr. Ein-

horn's, bristle with arcane ratios. A lot of the rest is, well, gibberish.

The market's latest guru, Robert Prechter, predicts a 3600 Dow. He embraces the Elliott wave. It is mysticism to me. The theory, says Barron's, holds "that the stock market zigzags up in five waves, three up and two corrective moves down. It then is supposed to turn down for three waves, the middle one of which is an upside correction. This pattern . . . is repeated three times, culminating in a major three-wave correction." Got it?

Of course, lower inflation and interest rates are the basic causes of the stock and bond market rallies. A 30-year Treasury bond issued in 1981 at 15.2 percent and worth \$1,000 is now worth more than \$1,600 because the market interest rate has fallen to 8.3 percent. Stock prices rise for the same reason. A given stream of profits and dividends justifies a higher price.

But there is more to the rally than that. Mr. Einhorn thinks stock prices may be 25 percent higher than lower interest rates alone would justify. Why? My favorite theory is the reform of U.S. management. The stock market puts a value on corporate America. Managers are being forced — by foreign competition, deregula-

tion, hostile takeovers — to do better with what they have. Therefore their companies are worth more. Future profits will be higher. So will living standards. Greater efficiency will enable companies to raise wages without rekindling inflation.

This wonderful theory promises a bright future, and it might happen. There is great ferment in U.S. business: all the "restructuring" attests to that. Companies are already paying more to shareholders, mostly by buying back stock. The buybacks boost stock prices and imply higher future per share profits. The buybacks also mean that managers are keeping less cash for wasteful diversification. Some Wall Street firms predict big profit rises. By 1988, Salomon Brothers thinks, the reported earnings of the Standard & Poor's 500 companies will jump 57 percent from 1986 levels.

Sadly, this evidence is weaker than it seems. Government productivity statistics show that the annual average gain in business efficiency in America in the 1980s (1.3 percent) is about double the rate of the late 1970s, but still lousy. The gains in profits, even if they materialize, would be complicated by tax and accounting technicalities that make them seem bigger than they are.

So maybe I am back where I started. What sustains the market? Dare I mention that dirty word, speculation?

The theory of the greater fool is a venerable history on Wall Street. It is all right to buy at an unrealistic price today as long as you sell at a higher unrealistic price tomorrow. When a market boom is in full swing — almost any market boom — there are apparently sensible causes for its continuation in retrospect seem idiotic. Crowd psychology is anesthetizing, and speculation is obvious only with hindsight. How much the herd mentality has driven the stock market is unclear. But there are worrisome signs. Corporate takeovers inspired much

speculation, but they are a special case. More disquieting is the wishful tenor of much Wall Street commentary. It grasps for explanations of a boom that seems too good to be true. Excess "liquidity" is said to propel the market, as if the Federal Reserve were pumping the economy full of money that pushed up stock prices. That is silly. The Fed is not following a reckless credit policy. Borrowing costs remain relatively high. Interest rates exceed any estimate of inflation.

I should feel consumed by guilt. A columnist gets paid to be authoritative. "I don't know" is a phrase banned from his typewriter. But I am as befuddled as anyone. The market's recent decline is unsettling. The stock market is surely a metaphor for the 1980s. But of solid gain or illusory excess? Let us hope that the world's Steven Einhorns are right, but a part of me worries that they are not.

The Washington Post

LETTER TO THE EDITOR

Spies in Bonn and Oslo

In "Espionage: So What Else Is New?" (April 15), William Pfaff cites spy cases in America and Britain and argues against the value of spying, observing for example that the Soviets have not, as far as we know, penetrated the British cabinet and been able to influence British policy. But there are other cases.

In 1974, Willy Brandt had to resign as chancellor when it was discovered that the chief of his political secretary, Günter Guillaume, was an East

German agent. Is it conceivable that Mr. Guillaume had no influence on West Germany's Ostpolitik?

In Oslo, Arne Treholt, special adviser to the then minister of the law of the sea, was convicted in 1985 as a Soviet spy. He had kept the Soviets informed of his country's bargaining positions in Norwegian-Soviet negotiations on the delimitation of the territorial sea around Svalbard, an area of considerable strategic importance. There is still no solution in sight to that problem.

ESKIL SVANE, Montpellier, France.

هكمان الثملى

7 Are Slain In Ethnic Fighting in Pakistan

KARACHI, Pakistan — Four persons were killed in a fresh outbreak of ethnic rioting in Karachi on Sunday, raising to seven the death toll since trouble began Saturday night, doctors said.

The police confirmed five deaths and said they had arrested more than 20 persons during fighting between the Pathan and Mohajir ethnic communities.

Pathans, originally from north-west Pakistan and Afghanistan, have a long history of rivalry with the Muhajirs, Urdu-speaking Muslims who came to Pakistan after the partition of the Indian subcontinent in 1947.

The doctors, who had earlier reported three persons dead in clashes Saturday night, said four more persons had died Sunday in a gunfight between members of the two communities in a Karachi suburb.

They said they had treated 40 persons, mostly with injuries caused by bullets, knives and stones.

The police said the trouble began when armed Pathans attacked Muhajirs in the suburb of New Karachi at midnight.

They said they fired tear gas Sunday to disperse crowds. Residents said the police also fired warning shots in the air as sporadic incidents continued Sunday morning.

The local authorities said that the police fought a 30-minute gun battle with "intruders" who set fire to houses and shot at policemen. They did not identify the intruders.

At least 200 people have died in clashes in Karachi in the last six months but the city of more than seven million people had been relatively quiet for almost three months.

On Friday evening, the militant Punjabi-Pathan Ittehad organization held a rally in the suburb of Orangi town, scene of mass bloodshed in December.

Speakers demanded that Muhajirs go back to India. Witnesses said hundreds of Pathans fired shots into the air and brandished Kalashnikov rifles, pistols and shotguns.

The local authorities said Sunday that the attackers, armed with automatic weapons, were from the town of Surjani, a housing development under construction.

Many Pathans moved illegally into Surjani after their homes in Sohrab Goth, once a center for arms and drug smugglers, were pulled down in an army operation in December.



A Buddhist monk was taken into custody in Seoul on Sunday after police fired tear gas to disperse thousands of anti-government demonstrators marking a 1960 student uprising.

South Korea Sentences 2 Legislators As Part of New Drive Against Foes

By Clyde Haberman
New York Times Service

SEOUL — A South Korean court has imposed jail sentences on two opposition legislators amid reports that prosecutors planned to step up criminal proceedings against more anti-government politicians. The imposition of the jail terms was suspended for two years.

The two legislators, members of the National Assembly, were convicted on charges of having incited student demonstrators when they denounced the government outside the gates of Korea University in September 1985.

One of the assemblymen, Park Chan Jong, received a one-year jail term and the other, Chough Soon Hyung, an eight-month sentence.

The sentences fell into a pattern of rigid responses by the authorities to their opponents since April 13, when President Chun Doo Hwan canceled debate on revising the Constitution to allow for direct elections of a new president.

In the last few days, several opposition politicians have been indicted or questioned in cases that were either politically related or, if criminal in nature, were suddenly revived after lying dormant for as long as two years.

South Korean newspapers reported Saturday that 15 to 20 legislators, including a few from the ruling party, would be investigated on suspicion of illegal activities. According to one source, Mr. Chun has said he would like to crack

down even on politicians suspected of traffic violations.

The Korea Herald, a government-backed English-language paper, quoted an unidentified ruling party source as saying the purpose of the criminal inquiries was to "refresh the political atmosphere."

In his announcement on the constitutional debate, Mr. Chun said the country needed "untainted and competent politicians," and called for "improving the political climate through attitudinal reform."

An opposition leader, Kim Young Sam, called the crackdown an act of "political retaliation" against a new party that he formed 10 days ago with another dissident politician, Kim Dae Jung.

Other anti-government figures saw an attempt to force them out of politics, since a convicted criminal may not sit in the National Assembly once he has exhausted his appeals.

"It may be just a warning, but I think it's more than that," said Lee Chul, a national assemblyman who joined the Kims' party. "They obviously want to kick me out of the Congress."

Mr. Lee was indicted last week in connection with an offense said to have been committed 15 months ago involving the alleged distribution of an anti-government statement to foreign embassies and news organizations. According to the charges, he violated a 1975 law forbidding South Koreans from defaming the state to foreigners.

They included a gradual expansion of political autonomy in villages and small cities, modifications of stern press laws and release of an unspecified number of political prisoners.

On Sunday, police fired tear gas to disperse thousands of anti-government demonstrators who were marking the anniversary of a student uprising on April 19, 1960, that led to the downfall of President Syngman Rhee.

The demonstrators called for the restoration of democracy after paying tribute to about 200 students killed in the 1960 uprising. Witnesses were quoted as saying that more than 100 were arrested.

Student protests have been few and uncommonly reserved in the six weeks since classes resumed after a winter recess. But they gained intensity after Mr. Chun's announcement and at week's end there were reports of unrest and sporadic clashes with the police on 40 campuses in Seoul, Pusan and other major cities.

Rob Tae Woo, chairman of the governing Democratic Justice Party, clearly had the two Kims in mind Saturday when he denounced politicians who were "blinded by the ambition to take political power through revolutionary uprising."

But Mr. Rob, the front-runner to be his party's presidential candidate when it holds a convention in June, made a conciliatory gesture by announcing proposals for change.

They included a gradual expansion of political autonomy in villages and small cities, modifications of stern press laws and release of an unspecified number of political prisoners.

Asians Warned to Act Now to Stop AIDS

By Michael Richardson
International Herald Tribune

SINGAPORE — Parts of Asia may soon be afflicted by a large-scale outbreak of AIDS unless public education and control measures are improved, experts warn.

They cite widespread prostitution and drug abuse involving shared syringes, especially in the Philippines, Thailand, Japan, Malaysia and Hong Kong. The region, which contains more than half the world's population, has so far avoided the epidemic of acquired immune deficiency syndrome.

Hiroshi Nakajima, director for the western Pacific of the World Health Organization, said recently that Asia was "the last frontier for AIDS."

Throughout Asia, fewer than 100 deaths from AIDS have been reported to the World Health Organization. But health workers say they believe there are now thousands of carriers of the AIDS virus among the region's drug addicts, homosexuals and prostitutes.

The virus is spread through sexual intercourse or exchanges of blood. It breaks down the body's immune system against fatal cancers and infections.

Indonesia and Singapore announced their first reported AIDS deaths this month.

The victim in Indonesia was a Dutch tourist who got AIDS overseas. The Singaporean, officials said, had been infected after receiving blood transfusions during a medical operation while he was abroad.

A Zairean diplomat based in China died of AIDS in March in Hong Kong, where he had gone for treatment. In February, a 62-year-old man became South Korea's first fatality.

In an interview, Ian D. Gust, director of virology at the Fairfield Infectious Diseases Hospital in Melbourne, Australia, said that mass travel and tourism made it difficult to stop the spread of AIDS.

He said one risk for Asia was that the disease was being imported by "sexual tourists" and spread through contacts with male or female prostitutes who did not know how to protect themselves and continued to ply their trade.

The Philippines is considered particularly vulnerable because of the heavy influx in recent years of U.S. servicemen on recreation leave, U.S. servicemen stationed there, and pleasure seekers from Australia and Japan, the two countries most seriously affected with AIDS in the western Pacific.

The spread of AIDS from U.S. bases has become a concern in recent months in the Philippines, where 17,000 American servicemen and 16,000 dependents are based. Since the disease appeared in

Australia in the early 1980s, more than 25,000 carriers of the AIDS antibody have been detected in tests.

Doctors in Australia said at least 25 percent would develop AIDS within four to 10 years. The death toll from AIDS in Australia has risen to 238, with 24 deaths reported in the month to March 26. Japan has had 36 confirmed patients, of whom 34 have died. Experts estimate that there are 7,000 to 10,000 AIDS carriers in Japan.

The health authorities in Australia and Japan say they are concerned at the way in which AIDS is slowly spreading from immediate high risk groups — intravenous drug addicts, homosexuals, bisexuals and blood bank recipients — to heterosexual men and women.

Dr. Yuichi Shikawa, chairman of a special medical council set up in December by the Japanese government to combat AIDS, said he believed the most important single measure was to "inform and educate people."

Neal Blewett, Australia's health minister, said he will invite his ministerial counterparts and their ad-

visers from the Asia-Pacific region to a World Health Organization conference in Sydney or Melbourne in July to pool information on the disease and cooperate in preventing its spread.

Dr. Jonathan Mann, coordinator of the organization's international AIDS program, said in Washington in March that his agency was expected to spend about \$37 million in 1987 to help set up national programs to control the disease.

He said this budget would probably double every year for the next few years.

Early this month, a Health Ministry official in Beijing said that foreigners intending to stay in China for more than a year would have to prove they did not have the AIDS virus before they were granted a residence permit.

The official said that Chinese nationals returning from working overseas must also undergo health checks.

P.V. Narasimha Rao, India's minister of human resources development, said in Parliament in February that nearly 1,130 foreigners

had been tested since the government ordered the screening of all foreign students in August.

There are an estimated 20,000 foreign students in India, more than 80 percent of them from Africa.

Mr. Rao said 10 of those tested had been found to be infected with the AIDS virus. The decree ordered deportation of AIDS victims but the minister did not say what action had been taken.

After Japan and Australia, the most comprehensive program to limit the disease is being undertaken by South Korea, which has said it wants to ensure the safety of thousands of tourists expected to attend the 1988 summer Olympic Games in Seoul.

The South Korean health officials said legislation to be submitted to parliament later this year would empower the government to expel foreign AIDS carriers from the country and order prostitutes to undergo tests for the disease.

These tests are already performed regularly on call girls near U.S. bases in South Korea and at homosexual bars across the country.

Crackdown on Tamil Rebels Urged Appeal in Sri Lanka Follows Attack That Killed 126

By Barbara Crossette
New York Times Service

COLOMBO, Sri Lanka — Sinhalese groups have called on the government to take a tougher approach against Tamil terrorism following Friday's guerrilla attack in which 126 people were killed.

Women and children were among the fatalities when terrorists stopped a succession of buses and trucks on a country road north of here and sprayed the passengers with gunfire.

Most of the dead were ethnic Sinhalese. Survivors said Tamils and Moslems were ordered off the vehicles before the killing began.

At least 64 people were reported wounded in the attack.

Sinhalese organizations also called for the abandoning of the government's plan to grant limited autonomy to Tamil regions in the north and east as a means to end the separatist rebellion.

Ganini Iriyagolla, a spokesman for the Federation of Sinhalese Organizations, said, "This mass murder is the latest in a series of genocidal attacks by Tamil terrorists against the Sinhalese majority as a matter of policy, in pursuit of racist political aims."

He said civil war would follow if Sri Lanka was divided into autonomous regions, as demanded by the rebels, and he urged the govern-

ment "to crush terrorism in this country forthwith."

The authorities blamed the country's most powerful Tamil separatist army, the Liberation Tigers of Tamil Eelam, for the killings, which occurred in a week that was holy to Sri Lanka's Buddhists, Hindus and Christians. Sinhalese are largely Buddhists, and Tamils are mostly Hindu. The Christian community draws on both ethnic groups.

The Liberation Tigers, in a statement from their headquarters in Madras, India, denied the government charges, calling them "unfounded and aimed at tarnishing our image."

The attack took place near the village of Aluth-Oya, about 120 miles (195 kilometers) northeast of Colombo in the Trincomalee district, a strategically and economically important region being bitterly fought over by the minority Tamils and the Sri Lankan Army, which is dominated by the Sinhalese majority.

Friday's assault was the worst act of violence in Sri Lanka since Tamil guerrillas attacked the holy city of Anuradhapura in May 1985, leaving nearly 150 people dead.

The attack came as a surprise to the government, which had declared a cease-fire for the festival season.

Over the last month, the Liberation Tigers and a rival guerrilla group, the Tamil Eelam Liberation Organization, have been preoccupied with internecine fighting.

The Tigers' commander in the northern city of Jaffna, where Tamil militants control the streets, barely survived an assassination attempt by other Tamils. The Tigers were reported to have killed dozens of their rivals in revenge.

The Tamil guerrillas have been under heavy pressure from government forces over the last few months but have apparently withstood that, as well as an embargo on fuel shipments to their regions.

The government said Saturday that it had flown in 5,000 troops to hunt for the attackers. But the area's scrub and jungle landscape makes the fast-moving rebel armies difficult to find, military officers said.

The militant Tamils of the north and east, who form about 12 percent of the country's population, are fighting for an independent territory they want to call Tamil Eelam. Another group of Tamils, different by caste and history, populate the hilly central tea-plantation area of Sri Lanka. These Tamils, who make up about 6 percent of the population, have not joined in calling for a separate state.

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Further details may be obtained from: The Secretary, The American Museum in Britain, Claverton Manor, Bath. Tel: (0225) 60503.

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Soviet SS-20s Were First Step

By Barry James
International Herald Tribune

The debate on missiles in Europe began in the late 1970s with the deployment of a new Soviet missile, the SS-20, intermediate in range between strategic weapons capable of hitting the United States and tactical weapons that might be used in Europe.

Mobile, concealable, and armed with three nuclear warheads, the SS-20, with a range of up to 3,000 miles (4,850 kilometers), threatened all of Western Europe.

For European members of the North Atlantic Treaty Organization, the SS-20 raised questions about the effectiveness of the American nuclear umbrella.

If the Soviet Union attacked them, could they be certain the United States would commit its strategic arsenal to their defense and risk destruction of its own territory?

Henry A. Kissinger suggested in a 1979 speech that the answer was "no."

The NATO response to the threat was its "two-track" decision of 1979. It would deploy 468 Pershing-2 missiles and 464 ground-launched cruise missiles as a European-based countermeasure to the SS-20. At the same time, NATO said it would forego the deployment of the Soviet Union agreed to dismantle its SS-20s.

Moscow declined, and the NATO deployment began at the end of 1983. With the buildup continuing, NATO has at least 316 cruise and Pershing-2 missiles compared with 44 SS-20s.

But at their summit meeting in Iceland last year, President Ronald Reagan and Mikhail S. Gorbachev tentatively agreed to eliminate all land-based intermediate-range missiles from Europe, retaining 100 warheads on each side in Alaska and the Far East.

Washington insisted that the pact must also include the elimination of about 130 shorter-range Soviet missiles, with a range of 300 to 600 miles.

Mr. Gorbachev now has agreed to this, and gone further by proposing to eliminate even shorter-range nuclear missiles in Europe, down to the battlefield level. He has also expressed his

The Missiles on the Table

United States

Ground-Launched Cruise Missile

Range: Approximately 1,550 miles
Size: 21 feet
Warhead: 1
Destructive force: Equivalent to 200,000 tons of TNT
Number deployed: 208 in Western Europe (Britain, West Germany, the Netherlands, Belgium and Italy)

Pershing 2

Range: 1,120 miles
Size: 34.4 feet
Warhead: 1
Destructive force: Adjustable from 5,000 to 50,000 equivalent tons of TNT
Number deployed: 108 in West Germany

Soviet Union



SS-20

Range: Approximately 3,100 miles
Size: 52.8 feet
Warheads: 3
Destructive force: Each warhead is equivalent to 150,000 tons of TNT
Number deployed: NATO says the Russians have 270 in the European part of the Soviet Union. The Soviets say they have 243. In addition, 171 are deployed within the Asian part of the Soviet Union.



SS-4

Range: Approximately 1,220 miles
Size: 58.8 feet
Warhead: 1
Destructive force: Equivalent to 1 million tons of TNT
Number believed deployed: 112 (being phased out)

Sources: Arms Week in Systems 1986-87, International Institute for Strategic Studies

willingness to achieve an accord on chemical weapons.

Now the Europeans are nervous again. They fear that if President Reagan accepts Mr. Gorbachev's proposals, they will be deprived of a relatively cheap and efficient nuclear deterrent and left vulnerable to the Soviet Union's numerical superiority in conventional weapons.

And, as in the 1970s, they are worrying about whether they can trust the United States to defend them with its strategic arsenal — including nuclear weapons carried aboard submarines and bombers — if Wash-

ington agrees to withdraw weapons deployed in Europe.

For the Europeans, medium- and shorter-range missiles are central to the disarmament debate. For the United States, an agreement on intermediate or shorter-range missiles is but a step on the long road toward a possible accord on the longer-range strategic arms.

Until that day comes, Britain and France say, there is no question of negotiating away their independent nuclear strike forces, which are considered to be strategic rather than part of the strictly European balance.

Bonn Split Widens Over Gorbachev Missile Plan

Reuters

BONN — Differences are widening in West Germany's center-right coalition government over how to respond to the proposal by the Soviet Union to abolish shorter-range nuclear missiles from Europe.

Foreign Minister Hans-Dietrich Genscher cautioned Sunday in a newspaper interview against dismissing the offer out of hand. Defense Minister Manfred Wörner, however, has warned that it would undermine the North Atlantic Treaty Organization's strategy of nuclear deterrence.

Mikhail S. Gorbachev, the Soviet leader, told Secretary of State George P. Shultz last week that Moscow was ready to pledge to do away with its shorter-range systems within one year as part of an agreement to eliminate medium-range missiles from Europe. The shorter-range missiles have a reach of about 300 to 600 miles (500 to 1,000 kilometers).

Mr. Genscher told the newspaper Die Welt that the offer should be given thorough consideration because it involved a category of missiles that the United States did not have.

"Nobody should wipe these Soviet proposals from the table without weighing them up conscientiously," Mr. Genscher said.

Sources in Mr. Genscher's liberal Free Democratic Party said he would encourage the government and the cabinet to support the proposal when the cabinet opens discussions on it after the Easter recess. The cabinet is dominated by Chancellor Helmut Kohl's conservative Christian Democrats.

West Germany faces the gravest potential threat from Soviet shorter-range missiles.

Mr. Wörner and other senior Christian Democrats have argued that the West must retain the right to build up its arsenal of such systems to an equal level as long as Moscow has a superiority in conventional forces.

He told a radio interviewer that he favored limiting any missile agreement to the elimination of medium-range missiles, with a range of 600 to 1,800 miles. Further arms reductions should be made dependent on cuts in Soviet conventional armaments, he said.

Mr. Wörner said NATO must maintain its strategy of flexible response, under which the West reserves the right to answer a Soviet conventional attack with nuclear weapons if necessary.

The opposition Social Democratic Party leader, Hans-Jochen Vogel, urged Mr. Kohl on Sunday to clarify his government's reaction to the Soviet offer. He said contradictions between Mr. Genscher and Mr. Wörner were causing uncertainty in both the East and West.

BORDER: Guerrillas Raid Israel

(Continued from Page 1)

apparently planned to bargain for by taking Israeli hostages, the army spokesmen said.

"It is my hope that the process now under way continues to move forward and that Mr. Gorbachev and I can complete an historic agreement on East-West relations at a summit meeting," he said.

The incident was the latest in an intensifying series of clashes between Israeli troops and Palestinian guerrillas along Israel's northern border.

Eighteen members of the pro-Iranian Shiite Hezbollah, or Party of God, militia were killed Saturday when they tried to overrun a position jointly manned by Israel and its ally, the South Lebanon Army militia, in Israel's self-declared "security zone" north of its border with Lebanon, according to an army spokesman.

Four Israelis were also wounded in the same confrontation. Two weeks ago, two Israeli soldiers were killed in a similar clash.

The Israeli security zone extends from five to 12 miles (eight and 19 kilometers) north of the Israel-Lebanon border. Israeli military officials believe the guerrillas came from the south Lebanese port of Sidon and arrived in the security zone sometime in the past two days and were being hidden in a local village.

This in itself is a serious development, suggesting that elements of

the security zone's Lebanese population are not as loyal as Israel's intelligence network in the area is not as comprehensive as it would have liked.

Late Sunday, Israeli troops were reported to have set a cordon on the southern Lebanese village of Meis el-Jebel, just across the border from the Menassa kibbutz, and were searching houses, Israeli military officials said. They suspected the Palestinians may have set out from the village.

"All of this happened very close to our settlements," said the northern front commander, Major General Yossi Peled. "It was imperative that we quickly found the squad and killed its members."

The upsurge in anti-Israeli activity in south Lebanon, after several months of relative quiet, is viewed by Israeli military officials and Lebanon experts as a direct result of Syria's dispatch in the last two months of its troops into Beirut and then down the Lebanese coastal highway to the Sidon area.

50.5 Million People in Egypt

CAIRO — Egypt's population reached 50.5 million this year, an increase of 12 million from 1976, and grew at an average annual rate of 2.8 percent during the last 10 years, according to government statistics.

REBEL: Argentine Soldiers End Their Revolt After Meeting With Alfonsín

(Continued from Page 1)

Mr. Angeloz was quoted by the state news agency Telam as saying, "Everything seems to indicate that at some point the chain of command has been broken, since there is resistance to acting against the rebels."

After he fled the Córdoba base on Friday, Major Barreiro is believed to have sought refuge at a foreign consulate or church in Córdoba.

Major Barreiro faces charges of

torture and kidnapping. He was chief interrogator at the notorious La Perla detention camp in Córdoba under the former military government.

Military leaders have often expressed resentment at the human rights trials ordered after Mr. Alfonsín took office. Press reports said the depth of resentment had not been publicly revealed until now.

At least 9,000 people vanished during the military rule, most after passing through clandestine torture and detention centers, a presidential panel reported in 1984.

Civilian courts are hearing about 200 human rights cases against military officers. Twenty-five officers have been arrested.

Major Barreiro is accused of heading an interrogation team that kidnapped people and tortured them at La Perla.

United Nations are hearing about

plurilateral nation's already liberal policies on these subjects.

"Brotherly love," said Willem van den Elzen, a 23-year-old conscientious objector who is doing his 18 months' military service in the army. "The Dutch people have learned not to like authority and intimidation. Father Baeten is terrific; he leads gently."

At the Good Friday commemoration in the abbey church, Mr. van den Elzen said one important point for a visitor to realize was that the gathering of more than 200 faithful who joined in prayer and song with the abbey's 20 monks were mainly the "serious" Catholics, middle-class family people in good standing with church regulations.

Thus Berne Abbey could be seen on this critical church weekend of rebirth as far from ostracized by mainstream laymen. In prayer, in silence, with heads bowed together, the faithful represented a more crowded with the noncontroversial hopes of centuries-old tradition.

"You spoke to us in our deepest need: Your body has been broken," read a prayer chosen for the Easter resurrection service. "Think of your Lord until he comes back."

"We have seven centuries of continuous pastoral involvement here, and I think you could say that we know our people," Father Baeten has observed in defending the abbey and its policy of sanctuary from criticism. "No one can accuse us of being unworshipful priests."

There are 15 million to 20 million memberships in frequent flyer programs in the United States, and last year members took free trips valued at \$1 billion, according to John Holland, president of The Business Flyer, a newsletter.

A billion dollars also is enough to attract the interest of the Internal Revenue Service, which is expected to propose regulations later this year requiring frequent flyers to report their free trips as taxable income.

The attorneys general of California, Kansas and New York are investigating the possibility of consumer fraud violations.

"I think they've got some very good arguments concerning basic contract law," said Christopher M. Ames, a deputy attorney general in San Francisco.

Consumers in Chicago and San Diego have filed lawsuits representing passengers as a class against United, American and TWA. The Hawaii Legislature

passed a resolution last month condemning United and American as having "thoughtlessly failed to consider the future ramifications of their actions."

United, the largest carrier to Hawaii, is so flustered by all the reaction that it is re-examining the new levels that took effect Jan. 1. "At this point we're seriously considering changing our structure," said James E. Goodwin, senior vice president for marketing at United.

The angry chorus of complaints has caught many airline executives by surprise. Frequent flyer programs have enjoyed runaway success since American introduced the first one in 1981. Originally conceived as short-term publicity moves, the programs have evolved into "the single best marketing plan ever devised by the airlines," according to James B. Smith, director of business marketing for TWA.

The programs have transformed spending and marketing patterns and have become a competitive tool that the carriers use to instill loyalty in their customers. For business travelers, however, the airline fly, they rank second in importance only to schedule convenience.

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FLY: Rule Changes Prompt Suits

(Continued from Page 1)

Hawaii are displacing paying customers, particularly in first class, where a round-trip ticket between New York and Honolulu costs \$2,498.

"Some of the airlines were giving away the store," said Maxine Ehrenreich, a Long Island resident who belongs to several programs.

United now requires 90,000 miles (about 146,200 kilometers) for two round-trip tickets to Hawaii in first class, instead of 75,000. But it also lowered the level needed for a round-trip coach ticket anywhere in the continental United States, Mexico, Canada or the Caribbean to 35,000 miles, from 40,000.

Until May 1, American Airlines frequent flyers can earn two round-trip coach tickets to Hawaii for 50,000 miles. After May 1 the requirement climbs to 75,000. But American plans to introduce a new award for domestic travel that matches United's offer.

The changes have drawn more criticism than thanks from travelers, many of whom discovered their tickets away in the fine print of their monthly frequent flyer statements.

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The angry chorus of complaints has caught many airline executives by surprise. Frequent flyer programs have enjoyed runaway success since American introduced the first one in 1981. Originally conceived as short-term publicity moves, the programs have evolved into "the single best marketing plan ever devised by the airlines," according to James B. Smith, director of business marketing for TWA.

The programs have transformed spending and marketing patterns and have become a competitive tool that the carriers use to instill loyalty in their customers. For business travelers, however, the airline fly, they rank second in importance only to schedule convenience.

There are 15 million to 20 million memberships in frequent flyer programs in the United States, and last year members took free trips valued at \$1 billion, according to John Holland, president of The Business Flyer, a newsletter.

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DUTCH: Abbey's Service

(Continued from Page 1)

plurilateral nation's already liberal policies on these subjects.

"Brotherly love," said Willem van den Elzen, a 23-year-old conscientious objector who is doing his 18 months' military service in the army. "The Dutch people have learned not to like authority and intimidation. Father Baeten is terrific; he leads gently."

At the Good Friday commemoration in the abbey church, Mr. van den Elzen said one important point for a visitor to realize was that the gathering of more than 200 faithful who joined in prayer and song with the abbey's 20 monks were mainly the "serious" Catholics, middle-class family people in good standing with church regulations.

Thus Berne Abbey could be seen on this critical church weekend of rebirth as far from ostracized by mainstream laymen. In prayer, in silence, with heads bowed together, the faithful represented a more crowded with the noncontroversial hopes of centuries-old tradition.

"You spoke to us in our deepest need: Your body has been broken," read a prayer chosen for the Easter resurrection service. "Think of your Lord until he comes back."

"We have seven centuries of continuous pastoral involvement here, and I think you could say that we know our people," Father Baeten has observed in defending the abbey and its policy of sanctuary from criticism. "No one can accuse us of being unworshipful priests."

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Weekly International Bond Prices

Provided by Credit Suisse First Boston Securities, London, Tel.: 01-622-1277.
Prices may vary according to market conditions and other factors.

April 16

Dollar Straights

Australia

Issuer	Con	Mat	Price	Yld	Spd	Trdy
Aust Govt 10	10%	10/10/90	101.00	8.00	100	100
Aust Govt 15	10%	10/10/95	101.00	8.00	100	100
Aust Govt 20	10%	10/10/00	101.00	8.00	100	100
Aust Govt 25	10%	10/10/05	101.00	8.00	100	100
Aust Govt 30	10%	10/10/10	101.00	8.00	100	100
Aust Govt 35	10%	10/10/15	101.00	8.00	100	100
Aust Govt 40	10%	10/10/20	101.00	8.00	100	100
Aust Govt 45	10%	10/10/25	101.00	8.00	100	100
Aust Govt 50	10%	10/10/30	101.00	8.00	100	100
Aust Govt 55	10%	10/10/35	101.00	8.00	100	100
Aust Govt 60	10%	10/10/40	101.00	8.00	100	100
Aust Govt 65	10%	10/10/45	101.00	8.00	100	100
Aust Govt 70	10%	10/10/50	101.00	8.00	100	100
Aust Govt 75	10%	10/10/55	101.00	8.00	100	100
Aust Govt 80	10%	10/10/60	101.00	8.00	100	100
Aust Govt 85	10%	10/10/65	101.00	8.00	100	100
Aust Govt 90	10%	10/10/70	101.00	8.00	100	100
Aust Govt 95	10%	10/10/75	101.00	8.00	100	100
Aust Govt 100	10%	10/10/80	101.00	8.00	100	100

Canada

Issuer	Con	Mat	Price	Yld	Spd	Trdy
Can Govt 10	10%	10/10/90	101.00	8.00	100	100
Can Govt 15	10%	10/10/95	101.00	8.00	100	100
Can Govt 20	10%	10/10/00	101.00	8.00	100	100
Can Govt 25	10%	10/10/05	101.00	8.00	100	100
Can Govt 30	10%	10/10/10	101.00	8.00	100	100
Can Govt 35	10%	10/10/15	101.00	8.00	100	100
Can Govt 40	10%	10/10/20	101.00	8.00	100	100
Can Govt 45	10%	10/10/25	101.00	8.00	100	100
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Can Govt 90	10%	10/10/70	101.00	8.00	100	100
Can Govt 95	10%	10/10/75	101.00	8.00	100	100
Can Govt 100	10%	10/10/80	101.00	8.00	100	100

France

Issuer	Con	Mat	Price	Yld	Spd	Trdy
Fr Govt 10	10%	10/10/90	101.00	8.00	100	100
Fr Govt 15	10%	10/10/95	101.00	8.00	100	100
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Fr Govt 60	10%	10/10/40	101.00	8.00	100	100
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Fr Govt 95	10%	10/10/75	101.00	8.00	100	100
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Germany

Issuer	Con	Mat	Price	Yld	Spd	Trdy
Ger Govt 10	10%	10/10/90	101.00	8.00	100	100
Ger Govt 15	10%	10/10/95	101.00	8.00	100	100
Ger Govt 20	10%	10/10/00	101.00	8.00	100	100
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Ger Govt 90	10%	10/10/70	101.00	8.00	100	100
Ger Govt 95	10%	10/10/75	101.00	8.00	100	100
Ger Govt 100	10%	10/10/80	101.00	8.00	100	100

Italy

Issuer	Con	Mat	Price	Yld	Spd	Trdy
Ital Govt 10	10%	10/10/90	101.00	8.00	100	100
Ital Govt 15	10%	10/10/95	101.00	8.00	100	100
Ital Govt 20	10%	10/10/00	101.00	8.00	100	100
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Ital Govt 90	10%	10/10/70	101.00	8.00	100	100
Ital Govt 95	10%	10/10/75	101.00	8.00	100	100
Ital Govt 100	10%	10/10/80	101.00	8.00	100	100

Japan

Issuer	Con	Mat	Price	Yld	Spd	Trdy
Japan Govt 10	10%	10/10/90	101.00	8.00	100	100
Japan Govt 15	10%	10/10/95	101.00	8.00	100	100
Japan Govt 20	10%	10/10/00	101.00	8.00	100	100
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Japan Govt 90	10%	10/10/70	101.00	8.00	100	100
Japan Govt 95	10%	10/10/75	101.00	8.00	100	100
Japan Govt 100	10%	10/10/80	101.00	8.00	100	100

Netherlands

Issuer	Con	Mat	Price	Yld	Spd	Trdy
Neth Govt 10	10%	10/10/90	101.00	8.00	100	100
Neth Govt 15	10%	10/10/95	101.00	8.00	100	100
Neth Govt 20	10%	10/10/00	101.00	8.00	100	100
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Spain

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Spain Govt 95	10%	10/10/75	101.00	8.00	100	100
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New International Bond Issues

Compiled by Anne Potter Hardoux

Issuer	Amount (millions)	Mat.	Coups	Price	and week	Terms
FLLOATING RATE NOTES						
Bank of China	\$200	1997	1/16	100	—	Over 3-month Libor, Callable in 1994, Fees 25%
Merrill Lynch Trust 16	\$250	2018	1/4	100	—	Over 3-month Libor, Collateralized by Federal Nat'l Home Mortgage's 111% loan, Average life 1.79 years, Fees undisclosed
FIXED-COUPON						
Banque Nationale de Paris	\$100	1992	zero	80	78.50	Yield 4.25% Each \$1,000 note with one 3-year warrant to buy gold at \$250 per ounce, or 11.25% premium. Proceeds \$78.5 million, Fees 15%
Int'l Corona Resources	\$50	1992	3%	100	99.00	Convertible into gold at \$250.00 per ounce and with a minimum of 2 warrants to buy gold at \$247.94 on ounce, Fees 25%
Swedish Export Credit	\$100	1990	8	105.18	103.93	Each \$5,000 note with 10 warrants, 5 one-year call warrants to receive one quarter of the difference between Major Market Index spot price at time of exercise and strike price of \$445, and 5 two-year put warrants reversing the terms, Fees 15%
Saint Gobain Netherlands	ECU 75	1992	4%	100	101.25	Noncallable, Each ECU1,000 note with one 3-year warrant to buy gold at \$250 per ounce, Fees 15%
British Columbia Telephone	C\$50	1994	9%	101%	102.75	Noncallable, Fees 15%
Amsterdam-Rotterdam Bank	Aus\$60	1990	14%	101%	99.75	Noncallable, Fees 15%
Deutsche Bank Finance	Aus\$100	1990	14%	101%	100.50	Noncallable, Fees 15%
New South Wales Treasury	Aus\$100	1992	14%	101%	100.00	Noncallable, Fees 2%
State Bank of Victoria	Aus\$50	1990	14%	101%	99.38	Noncallable, Fees 15%
Volvo	Aus\$50	1990	10%	100%	99.13	Noncallable, Interest to be paid in Deutsche marks. Bonds are also payable in marks of 1.299 marks per Australian dollar. At maturity redemption will be at par in Australian dollars. Privately placed, fees undisclosed.
Crédit National	¥15,000	1992	4%	102%	—	Redeemable and callable in 1990, Fees 15%
DNC Int'l Finance	¥20,000	1992	4%	102	100.00	Redeemable and callable at par in 1990, Fees 15%
Ente Nazionale per l'Energia Elettrica	¥15,000	1994	4%	101%	99.88	Noncallable, Fees 15%
Industrial Bank of Japan	¥30,000	1997	4%	101%	99.58	Noncallable, Fees 2%
Lives 2	¥17,000	1992	zero	82.25	—	Yield 3.6%, Noncallable, Proceeds ¥138 billion. Partial repurchase of Denmark's \$500 million 7 1/8% issue, Fees 1.55%
Union Bank of Switzerland	¥15,000	1992	4%	101%	99.63	Callable and redeemable at par in 1991, Fees 15%
EQUITY-LINKED						
Alco	\$75	2002	5%	100	101.50	Callable at 103 in 1990, Convertible at \$424 per share, on 18% premium, Fees 2%, Terms to be set on April 21.
Hokuriku Electric Industry	\$35	1992	2%	100	—	Noncallable, Each \$5,000 note with one warrant exercisable into company's shares at \$47 per share and at \$44.50 per share, Fees 25%
Nippon Shokubai Kagaku Kogyo	\$80	1992	2	100	102.50	Noncallable, Each \$5,000 note with one warrant exercisable into company's shares at \$72 per share and at \$69.50 per share, Fees 25%
Saitama Bank	\$100	2002	1%	100	113.50	Callable at 103 in 1992, Each \$5,000 note with one warrant exercisable into company's shares at \$77 per share and at \$74.50 per share, Fees 25%
Sakai Chemical	\$300	1992	1%	100	103.00	Noncallable, Each \$5,000 note with one warrant exercisable into company's shares at \$72 per share and at \$69.50 per share, Fees 25%
Sankai Building	\$60	1992	2%	100	100.00	Noncallable, Each \$5,000 note with one warrant exercisable into company's shares at \$72 per share and at \$69.50 per share, Fees 25%
Sharp	\$200	1992	2	100	96.00	Noncallable, Each \$5,000 note with one warrant exercisable into company's shares at \$72 per share and at \$69.50 per share, Fees 25%
Showa Aluminum	\$100	1992	2%	100	98.00	Noncallable, Each \$5,000 note with one warrant exercisable into company's shares at \$72 per share and at \$69.50 per share, Fees 25%
Zanichu	\$40	1992	2%	100	100.00	Each \$5,000 note with one warrant exercisable into company's shares at \$72 per share and at \$69.50 per share, Fees 25%
Blue Circle Industries	£60	2002	6%	100	99.25	Convertible at 850 pence per share at 8.85% premium, Fees 2%

U.S. Fears Most GNP Growth Is in Inventories, Trade

By John M. Berry

WASHINGTON — Reagan administration economists have not changed their official forecast that the U.S. economy will grow about 3.25 percent this year, but they are increasingly concerned that the growth might turn out to be no better than last year's 2 percent.

"There is some quickening in the economy," said one senior economist in the administration, "but it is not solid enough to get your hands on. It's the same as we've seen the last two years."

"The basic situation still looks good," he said. "Capital spending plans are up, and employment was up strongly in January and February. But then you hit a weak month like March."

Employment gains last month were scant, retail sales rose only slightly, and industrial production and housing starts both fell.

The administration's uneasiness surfaced in comments last week by James C. Miller 3d, director of the White House Office of Management and Budget, who said he was worried that the Federal Reserve would "overreact" to the possibility of higher inflation and allow interest rates to rise.

"My fear is that if we get into a recession we are in deep soup," he said, "and there is no question about it."

The White House repudiated Mr. Miller's comments on Friday.

saying that he was expressing his personal views only.

Few, if any, forecasters are worried that a recession is imminent. Many private economists have even raised their predictions for growth since the first of the year.

Many expect the rate of growth of the gross national product for

real reduction in the nation's trade deficit.

The Commerce Department will report preliminary GNP results this week for the first quarter. Forecasters' estimates of what the report will show are generally in the 3.5 percent to 3.8 percent range.

"It looks like it all hinges on

mand for goods is not growing strongly, as appears to be the case.

Most analysts believe that consumer spending, business investment in new plants and equipment and government spending all declined in real terms in the first three months of the year. Investment in housing was probably up only slightly.

A substantial part of the weakness in consumer spending has been the result of a drop in new-car sales compared to the last quarter of 1986, when buyers were flooding into auto showrooms to take advantage of the final opportunity to deduct sales taxes from their federal income taxes.

Although sales slowed sharply in January, auto manufacturers kept production schedules higher for much of the early part of this year. Thus, a good part of the inventory accumulation was unsold cars.

The latest Commerce Department survey of investment intentions, released last week, showed that executives were revising upward their spending plans for 1987. But capital investment began on a

week note this year and will not add much to GNP growth anytime in 1987, most forecasters say.

Nor will housing be a source of much strength. The inventory of unsold new homes has gone up, and housing starts are generally expected to be lower than in 1986.

Although the financial markets reacted adversely last week to the initial report on merchandise trade for February, which showed a larger-than-expected \$15.06 billion deficit, the trade deficit is getting smaller, most analysts believe. The department, in another monthly report based on different import valuations, said two days later that the figure was just \$13.65 billion.

Many analysts expect the second half of 1987 to be stronger than the first half as capital spending picks up and the trade situation improves.

The fear of some economists is that the weakness of the dollar's value on foreign-exchange markets also may continue, and that the recent rise in interest rates, which can be traced directly to the dollar, will take what momentum is left out of a sluggish economy.

Those sectors are notoriously volatile. In the fourth quarter, the rate of inventory accumulation fell.

the period between the fourth quarter of 1986 and the fourth quarter of this year, adjusted for inflation, to be as high as or higher than 3.25 percent.

Gross national product measures the total value of a nation's goods and services, including income from foreign investments.

But administration economists note that virtually all of the first-quarter gain in GNP appears to be coming from two categories: additions to business inventories and a

inventories and net exports," said the senior Reagan economist. "I don't like forecasts based on increases in just those areas."

Those sectors of GNP are notoriously volatile. In the fourth quarter, the rate of inventory accumulation fell, which meant inventories were a negative factor that helped hold real GNP growth to only a 1.1 percent yearly rate.

The rate of inventory growth easily could abruptly turn negative again, particularly if actual de-

Greece Ponders a Change in Debt Profile

By Carl Gewirtz

PARIS — The Bank of Greece is asking banks for a \$300 million loan, all it needs to complete its foreign financing requirements for the year. However, Greek officials said last week that they may return to the market later to begin stretching out the maturity profile of existing debt scheduled to mature between next year and the early 1990s.

The current loan will run for eight years and bear interest at 1/2 point over the London interbank offered rate. The terms represent no change from what the bank paid last year, although the average life is slightly longer. Repayment begins only after the fifth year, as opposed to a four-year grace period earlier.

Fees paid to underwriters total 40 basis points, or 0.4 percent. The prepayment paid to the six banks organizing the loan, Citibank, Chase Manhattan, Industrial Bank of Japan, Mitsubishi Bank, National Westminster and Arab Banking Corp., was not divulged.

The terms are widely regarded as adequate in light of the improved economic climate: Inflation is down and the current-account deficit has been cut. But the major question is how much room traditional lenders have to increase their exposure to Greece. Some bankers said they would like to lend more, but have not received management permission to do so.

The big question there will be the extent to which Japanese banks are willing to pick up the slack. With

two lead managers among the six, the Japanese are expected to supply at least 33 percent of the total. But in previous loans, Japanese participation amounted to less than 25 percent.

Greek officials explained that they will need no further new mon-

seven basis points for more than that.

Critics say this is too low and risks sending an incorrect signal to the market about what better-regarded government entities would need to pay to tap the market.

However, Chase officials say it is wrong to view this transaction as proxy for Italy. "This is a loan geared to banks that have a working relationship with Banco di Sicilia," a Chase official said.

Banks underwriting \$12.5 mil-

lion will earn a front-end fee of 6 1/2 basis points.

Pioneer Concrete Services Ltd. of Australia has asked Swiss Bank Corp. to arrange a \$300 million multi-option facility to back the issue of Eurobonds. The annual facility fee for the five-year line of credit is 6 1/2 basis points on that portion earmarked as immediately available and 7 1/2 basis points on the reserve portion.

The charge to draw on the credit is 10 basis points over Libor.

Chrysler Paid \$23.6 Million to Iacocca in Year

Compiled by Our Staff From Dispatches

DETROIT — Chrysler Corp. paid its chairman, Lee A. Iacocca, \$24 million in salary, bonus and stock in 1986, and he exercised stock options netting another \$9.6 million, bringing his total compensation for the year to \$23.6 million.

Donald E. Petersen, who led Ford Motor Co. past General Motors Corp. in profit for the first time since 1924, took home a total of \$4.3 million.

The figures were disclosed in proxy statements issued Friday by the companies. GM has said its chairman, Roger B. Smith, received \$1.8 million in salary and bonuses for 1986.

GM's earnings fell to \$2.9 billion in 1986, from \$4 billion in 1985. Ford's earnings increased to \$3.3 billion, from \$2.5 billion. Chrysler's earnings declined 14.6 percent to \$1.4 billion from \$1.64 billion.

Mr. Iacocca, 62, is one of the highest-paid executives in U.S. corporate history. By comparison, the chairman of Federal Express Corp., Frederick W. Smith, received a \$51.5 million package in 1982. (NYT, LAT)

EUROBONDS: How the Banks Braked Dollar's Slide

(Continued from first finance page)

desire to see lower rates generally. As it was, call money rates ended the week at 3.7 percent.

In Japan, meanwhile, rates continue to nudge lower as Japanese investors temporarily have ceased buying foreign securities. Their decision to keep their money at home is driving down yields on the government bond market and sending stock prices soaring.

Analysts in Tokyo say that many institutions have not yet adopted a financial strategy for the fiscal year that began this month. Some suggest that developing a strategy may be impossible given the gyrations in exchange rates and interest rates.

In any event, the Japanese are staying home for the moment, waiting to be convinced that governments mean business on exchange rates.

Experts in both West Germany and Japan voice some surprise that money has not begun to move into the Deutsche mark after the big increase recorded in January. Over the past month, the yen has gained about 3.75 percent against the DM.

But now that the yen-dollar rate appears to be stabilized at least provisionally, Japanese investors may be tempted into the market.

While the dollar has lost about 7.5 percent since February against the yen, it has remained virtually stable against the mark, fueling speculation that the mark needs to rise.

Anticipation of lower DM interest rates is causing borrowers to refrain from tapping the Eurobond market. And the inability, given the low interest rate differentials, to use Deutsche marks to create swaps meant there were no new issues again last week, the third in a row.

The Euroyen sector was active.

Securities Firm Opens in China

BEIJING — The first securities company to operate in China since 1949 has opened in the northeastern city of Shenyang, the overseas edition of the People's Daily reported Sunday.

The paper said that the firm, which opened Friday, would handle short-term bonds and stocks issued by companies, medium- and short-term bonds issued by the banks, discount bills and the lending and borrowing of bills and funds.

The first securities market in China since the Communist Party came to power in 1949 was launched in Shenyang in August. Four others have opened since.

but Japanese investors, who are the major purchasers, do not like the decline in yields. They are confining their buying to the more liquid domestic market, where a quick in and out can be more profitable.

Only two sectors apparently were impervious to the wider market trends. Activity remained strong in the Australian dollar sector despite the concern expressed by Treasurer Paul Keating and Prime Minister Bob Hawke that Australia's competitiveness could be affected by the dollar's recent rise. After touching 72.625 U.S. cents, the Australian dollar ended the week at 71 cents.

The other buoyant sector, as in past weeks, was equity-linked bonds, spurred largely by the continued gains on the Tokyo Stock Exchange and the heavy flow of issues from Japanese companies.

Alco, a U.S. pharmaceuticals company, and Blue Circle Industries of Britain (which increased its offering by \$5 million) sold convertible bonds that were well received.

Reflecting the rise in the price of gold, which is indicative of fears that inflation will increase, bonds with gold warrants were very popular last week. Saint-Gobain issued 75 million of European currency

units while Banque Nationale de Paris and International Corona tapped the Eurodollar market with issues carrying warrants to buy gold.

The warrants are expensive. Not only is there a premium over the current market price, \$437.75, to buy the gold (at prices ranging from \$490 to \$548), but the interest paid on the bonds is lower than would be otherwise normal.

Amid Urging to Trim Budget Deficit, U.S. Cuts Grants and Widens Loans

By Judith Havemann

Washington Post Service

WASHINGTON — The pressure of the federal budget deficit has inverted the ancient proverb about the right and left hands. Within the U.S. government today, what the right hand taketh away in budget cuts, the left hand giveth in loans.

Even as they have cut federal spending programs, Congress and the Reagan administration have increasingly resorted to loans as a deficit-reducing tactic.

As Representative Willis D. Gaudin Jr., Republican of Ohio, said, loans are "a technique used during a period of budget stringency to do good things where the cost doesn't show up until later."

But one day, the costs will show up, making the budget-balancing task for future governments all the harder. "We are mortgaging our future," said Joseph R. Wright, deputy director of the Office of Management and Budget.

President Ronald Reagan proposed last month a major credit reform package designed to make current budgets reflect the "real" costs of federal loan programs. But these efforts face many hurdles in a Congress more worried about this year's deficits than those a decade or more away.

Outstanding federal credit, which totals \$701.4 billion, has grown so fast that today 14 percent of all money lent in the United States is connected to the government.

As the deficit has begun to put the squeeze on popular grant and direct aid programs, loan portfolios have ballooned. Last year, Congress cut \$15 billion in spending with great difficulty and even greater fanfare. At the same time it gave out or backed nearly \$300 billion in loans, three quarters of which didn't show up in the budget.

This is because the United States operates on a cash budget. Direct

loans show up in their entirety the year they are made as if they were handouts, not assets likely to be repaid.

Guaranteed loans don't show up at all, as if they were likely never to default and cost the government a penny. All direct loans are treated equally, as if a 1 percent loan over 40 years is the same as a 13 percent loan payable almost immediately.

Outstanding federal credit, at \$701.4 billion, has grown so fast that today 14 percent of all money lent in the United States is connected to the government.

Strict cash accounting thus almost irresistibly leads to helping governments via loan guarantees rather than in other ways. And critics say that this is not a good way to make public policy.

Barry P. Bosworth, an economist, argues that the high cost of the student loan program, most of which goes to assist students from middle- and upper-income families, soaks up most of the money available for educational aid at the federal level and prevents more significant assistance to the genuinely poor.

By the time the government pays a special allowance to banks to make the loans, keeps interest below market rates during times of high inflation, pays the interest while the student is in school, and stretches out repayment periods, more than 30 percent of the face value of the loan is really a federal subsidy, Mr. Bosworth contends.

"Congress is finding the student loan very expensive," he said. "But they can't save money in the short run by cutting back on student loans because the effects aren't felt for five or six years, after the next election."

"However, they can fix up the budget real quick by cutting the

grant programs, which destroys one of the objectives of federal aid to education: to provide financial assistance to people of low income who would otherwise not be able to attend college," said Mr. Bosworth, a senior fellow at Brookings.

In 1980, 46 percent of college student financial aid awards were in the form of grants. By 1985, the figure had slipped to 42 percent.

The percentage of aid awarded in loans rose from 44 to 49 percent during the same period.

The fundamental idea behind the Reagan administration's credit reform legislation is disclosure, or truth in lending.

The measure would require agencies to reveal the "real" cost of loans: the subsidies, such as low interest rates and easy repayment terms. There is considerable controversy about how the subsidies should be calculated.

Under the bill, Congress would be expected to appropriate the full value of the subsidy annually for each of the approximately 350 different federal loan programs.

Agencies would be required to buy private insurance to cover loan guarantees. The insurance would be the budget equivalent of the "real" cost of loan guarantees.

For example, Mr. Wright, the U.S. budget director's deputy, said a program that allows less developed countries to purchase grain at low interest rates is 95.1 percent subsidized. The \$17.4 billion program of Commodity Credit Corp. loans to farmers is only 2.4 percent subsidized.

"These programs are treated equally in the budget," he said. "This kind of math makes for bad decisions."

Congress has found that in some cases, boosting loan programs reduces the budget deficit.

Modest direct loan programs have evolved into larger guaranteed loan programs and have produced budget "savings" because guarantees are not recorded.

Loans with high interest rates have been repaid early, at substantial loss to the government in future interest with the money pocketed as savings. And loans are being sold, with the much-discounted sales price chalked up toward reducing the year's deficit.

"The whole issue of credit would not have come up if there weren't so much pressure for deficit reduction," said a congressional aide.

U.S. Consumer Rates	April 17
Prime Bank Savings	7.50%
First National Bank	7.50%
Bank of America	7.50%
Bank of Montreal	7.50%
Bank of New York	7.50%
Bank of the South	7.50%
Bank of the West	7.50%
Bank of the Midwest	7.50%
Bank of the North	7.50%
Bank of the East	7.50%
Bank of the South	7.50%
Bank of the West	7.50%
Bank of the Midwest	7.50%
Bank of the North	7.50%
Bank of the East	7.50%

Source: New York Times



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THORN EMI Plc (CDRs)

The undersigned announces that as from 27th April 1987 at KAS Associates N.V., Spuisstraat 172, Amsterdam, div. ep. no. 20 of the CDRs Thorn EMI Plc, each repr. 50 shares, will be payable with Dfls. 8.35 (re interim dividend for the year ended 03.31.1987) 5p per share. Tax-credit £1.021 = Dfls. 3.41 per CDR. Non-residents of the United Kingdom can only claim this tax credit when the relevant tax treaty meets this facility.

AMSTERDAM DEPOSITORY COMPANY N.V. Amsterdam, 13th April 1987

NASDAQ National Market

OTC Consolidated trading for week ended Friday, April 17

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SPORTS

SPORTS BRIEFS

Gulch Rallies to Win Wood Memorial

NEW YORK (NYT)—Gulch, the best 2-year-old thoroughbred in the United States last summer but a disappointment ever since, rallied from the back of the field to win the Wood Memorial at Aqueduct.

The victory further scrambled the outlook for the Kentucky Derby on May 2. The first four Wood finishers—Gulch, Gone West, Shawkitt, Wot and Capote—are all likely to run for the roses at Churchill Downs. Capote, a son of the late, undefeated champion Secretariat, is the favorite. Gulch, trained by Leroy Jolley, ran the 1 1/4 miles on a sloppy track in 1 minute, 49 seconds. Gulch had run poorly beyond sprint distances before Saturday, but had been retrained in recent weeks.

Sauters, Jones Hold 3d-Round Lead

HILTON HEAD ISLAND, South Carolina (AP)—Gene Sauters held the final hole Saturday to shoot 7-under-par 64 and share the Heritage Classic lead with Steve Jones with a three-round total of 200.

Jones shot a third-round 67. Mark Hayes, who led the first two rounds and shot a 70, and Scott Hoch, with a 67, were at 202. Davis Love 3d, with a 67, was at 204.

On Friday, Larry Mize, the Masters champion, failed to make the cut. He shot 76 Thursday and 70 Friday, for a two-round total of 146.

Excluded Fans Riot at Safari Rally

NAIROBI (AFP)—Hundreds of people were injured, cars stoned and looted after Saturday Safari Rally officials refused spectators entry into a rally control point.

Ten persons seriously injured had been admitted at a Kisumu hospital, and it took police several hours to bring the disturbances under control. The race continued later in the day.

Hanna Mikko, the winner in 1972, led Sunday by 13 minutes, 16 seconds over Bjorn Waldegard of Sweden, whose Toyota Supra incurred 14 minutes, 31 seconds in penalty time in the first section of the day's leg. 26 cars were left in the race, which was to end Monday in Nairobi.

Honeyghan Keeps Welterweight Title

LONDON (AP)—Britain's Lloyd Honeyghan won a unanimous 12-round decision Saturday over Maurice Blocker of the United States to retain his World Boxing Council and International Boxing Federation welterweight championship.

Honeyghan, in his second title defense, raised his record to 30-0. It was Blocker's first loss in 25 fights.

In Nimes, France, Julio Cesar Chavez of Mexico retained his WBC super-featherweight title for the eighth time when the referee stopped the scheduled 12-round fight with Francisco Tomas da Cruz with 29 seconds remaining in the third round.

In Seoul, Chang Jung-tok of South Korea retained his WBC light-flyweight crown Sunday for the 12th time, against challenger Efron Pinto of Mexico. The fight was stopped in the sixth round of a scheduled 12-round match.

For the Record

Twelve top South African sports figures publicly announced Sunday their support for an anti-apartheid reform alliance in the whites-only elections on May 6. The 12 included Graeme Pollock, regarded before his retirement this year as one of the world's greatest cricketers, batsmen, and Morné du Plessis, a former rugby captain.

A \$10 million jury verdict in the suit by Eugene Klein of the San Diego Chargers against Al Davis and the Los Angeles Raiders of the NFL was reduced by a judge to \$2.04 million from \$5 million.

Two-time Wimbledon champion Boris Becker, two-time Australian Open champion Stefan Edberg and two-time French Open champion Mats Wilander head the field when the Monte Carlo Open starts Monday.

Jimmy Connors, who has not won a tournament for more than two years, is entering the French Open in Paris next month in an attempt to win the only major title to elude him.

Joe Dial pole vaulted 19 feet, 4 1/4 inches (5.91 meters) Saturday at the Kansas Relays to break his U.S. record. He just failed to break the world mark of 19-8 1/4 held by Sergei Bubka of the Soviet Union.

Quotable

Tony La Russa, manager of the Oakland A's: "When you're not winning, it's tough to win a game."

Schmidt's 500th: When It Counted

The Associated Press

PITTSBURGH — Mike Schmidt hit his 500th home run exactly the way he wanted — with two out in the ninth inning and the game on the line.

"You couldn't write a more perfect script," said Schmidt after his three-run homer Saturday gave the Philadelphia Phillies an 8-5 victory over the Pittsburgh Pirates. "You would be hard-pressed to find one who hit a home run with a better storybook ending than that."

"Without a doubt, it was the most exciting moment of my career," he said.

Schmidt, the 14th major-league player to reach the milestone, hit Don Robinson's 3-0 pitch on a line over the left-field fence. There was no doubt from the time it left the bat, and Schmidt stopped to watch the ball's flight before doing a slight hop, skip and jump around the bases. Coach Mike Ryan, who had been in the bullpen and rushed it to Schmidt, who was mobbed at home plate by his teammates.

The Phillies trailed, 6-5, entering the ninth and Schmidt came to the plate with runners on first and third. He had been hitless in three at-bats with a walk as he stepped in to face Robinson, against whom he was just 7-for-57 in his career, with four home runs.

Schmidt took the first three pitches — all just low — for balls. Then Robinson grooved a 3-0 fastball, and Schmidt's fifth homer this season produced his first game-winning RBI of the year.

He said the only thing lacking was that No. 500 had not come at home. He had been booed by Philadelphia fans for years, but in recent seasons the faithful have come to love their 37-year-old star, who says this may be his last year.

Hank Aaron is the all-time home run leader in the major leagues with 755. He is followed by Babe Ruth, 714; Willie Mays, 660; Frank Robinson, 586; Harmon Killebrew, 573; Reggie Jackson, who is still active, 548; Mickey Mantle, 536; Jimmie Fox, 534; Ted Williams, 521; Willie McCovey, 521; Eddie Mathews, 512; Ernie Banks, 512, and Mel Ott, 511.

Schmidt has led the National League in home runs eight times. Only Ruth, who led the American League nine times, has more home-run championships.

Last year, Schmidt won his third most valuable player award, one of only seven major-league players to accomplish that feat.



Mike Schmidt hits 500th homer on 3-0 count with two out in the ninth.

Homers No. 1 and No. 250 Lead Reds Past Astros

Compiled by Our Staff From Dispatches

CINCINNATI — Kurt Stillwell's first major-league home run, a grand slam, and Dave Parker's 250th career homer, a three-run blast, powered the Cincinnati Reds to a 9-8 victory Friday night over the Houston Astros in a National League game.

Stillwell's homer to right field highlighted a five-run fifth inning off Houston starter Bob Knepper and relieved Aurelio Lopez, who put the Reds ahead to stay.

The Astros were leading, 6-4, after Billy Hatcher hit a two-run triple and scored on Phil Garner's sacrifice fly in the top of the fifth. Then the Reds loaded the bases with none out on singles by Parker and Eric Davis and a walk.

Lopez, relieved and walked Bob Diaz to force in a run, then served up a second-pitch homer to Stillwell, a second-year shortstop with-

FRIDAY BASEBALL

out a homer in his previous 297 at-bats in the majors.

Left-hander Rob Murphy got his second victory without a loss in relief of starter Bill Landrum. Murphy pitched 1 1/2 innings, giving up a solo homer to Kevin Bass in the sixth and end streak of 25% scoreless innings dating from Aug. 31.

Bass hit an RBI single in the eighth off Ron Robinson that made it 9-8, and John Franco pitched the ninth for his third save.

Houston took a 1-0 lead in the first when Denny Walling hit a two-out homer in his first at-bat of the season. He had been on the disabled list with back spasms.

The Astros, who had made just three errors in their first nine games, made two in the first inning before Parker's third homer this season.

Breves 2, Giants 0: In San Francisco, Zane Smith pitched a four-

hitter for Atlanta, earning his first victory as a starter since July 2. Since that game, also against the Giants, Smith was 1-7 with his only victory in relief. He struck out eight and did not walk a batter.

Cardinals 4, Mets 3: In St. Louis, Missouri, Tom Herr drove in three runs to help edge out New York John Tudor pitched six innings to earn the victory, while Rick Horton finished up to earn his second save.

Phillies 6, Pirates 2: In Pittsburgh, Milt Thompson's two-run triple keyed Philadelphia's four-run 10th inning that ended a four-game losing streak.

Cubs 7, Expos 0: In Chicago, Rick Sutcliffe pitched a four-hitter, shutting out Montreal, and drove in three runs with a single and a double as the Cubs won their first game at home this season after four losses. Jody Davis went four for four with a two-run homer and An-

dre Dawson drove in two runs with a sixth-inning double.

Dodgers 5, Padres 3: In San Diego, Fernando Valenzuela pitched a seven-hitter in his first complete game this season and benefited from four Los Angeles home runs. All the home runs, including three in the first inning, came off the Padres' losing pitcher, Ed Whitson.

Brewers 10, Rangers 2: In the American League, in Milwaukee, the Brewers defeated Texas behind the five-hit pitching of Teddy Higuera. The left-hander struck out 12 and walked 2 in his first complete game of the season. In the seventh inning the Brewers sent 12 batters to the plate and scored seven runs. Jim Gannett drove two while Paul Molitor, Greg Brock and Deane Johnson drove in one.

Orioles 4, Indians 1: In Baltimore, Mike Boddicker and Mark Williamson held Cleveland to five hits in his seventh straight loss and Fred Lynn had two RBIs.

Tigers 3, White Sox 2: In Detroit, Darrell Evans doubled in a run during a three-run third inning and Frank Tanana and two relievers held Chicago to five hits.

Blue Jays 10, Red Sox 5: In Toronto, rookie Fred McGriff hit his first major-league home run and John Curtis and Mark Eichhorn teamed for eight innings of shutout relief. Boston had taken a 5-0 lead off starter Duane Ward.

Mariners 4, A's 2: In Seattle, Mark Langston scattered six hits to outlast Curt Young of Oakland. Langston struck out 11 and walked 2. Young allowed six hits and one earned run in seven innings.

Angels 1, Twins 0: In Anaheim, California, John Candelaria and Donnie Moore combined on a five-hit shutout against Minnesota and California scored the only run, in the seventh, on a throwing error by Steve Lombardozzi.

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Brewers Tie Record For Opening Streak In AL, 11 Straight

Compiled by Our Staff From Dispatches

MILWAUKEE — Glenn Braggs drove in three runs and Rob Deer hit a home run Saturday, helping the Milwaukee Brewers tie an American League record for most victories at the start of a season with a 4-3 decision over the Texas Rangers.

The victory tied Milwaukee with the 1981 Oakland A's at 11, and left the Brewers two triumphs short of the major-league record of 13 set in the National League by the 1982 Atlanta Braves.

Milwaukee starter Bill Wegman scattered eight hits over 7 1/2 innings for the victory. Dan Plesac pitched 1 1/2 innings for his fourth save.

"We're playing with the right perspective," said Tom Trebelhorn, the Brewers' manager. "It's a marvelous streak to be on. But I think it's only one in a row with another game tomorrow."

"The key to our success right now is that we haven't been cocky and we've haven't been dwelling on past games," Braggs said. "The way we're playing now, everybody has confidence. Right now it's a lot of fun for us. If we can keep it that way, we'll just keep winning a lot of games."

Deer, who hit 33 home runs last season, stroked his fifth of this season to lead off the fourth inning, breaking a 2-2 tie with the struggling Rangers, who have lost eight straight.

The homer just barely cleared the left-field fence, then Braggs' sacrifice fly in the fifth off loser Bobby Witt drove in the fourth run after Paul Molitor had walked and stolen second and third.

The Brewers needed it because Pete Lacaevigian hit home No. 4 in the eighth before Plesac relieved Wegman and picked up the save. Wegman got his first victory at County Stadium since last June.

"Paul really manufactured that run that gave us a two-run cushion. It was a superior run — probably the best run that we've produced over this whole stretch," Trebelhorn said.

"We're not thinking about streaks or how many we're going to win in a row. We have to be realistic, it's going to end sometime," Plesac said. "We're just sticking on all cylinders now. I don't know if we can play any better than we are."

Red Sox 6, Blue Jays 4: In Toronto, rookie Danny Sheffield went two for four and drove in two runs, helping Boston take advantage of a shaky defense. It was Boston's first road victory of the year in six games.

Tigers 3, White Sox 2: In Detroit, Dave Bergman lined a home run to right with two out in the eighth inning to beat Chicago. Bergman's second homer in two seasons came off the fifth Chicago pitcher, Bobby Thigpen.

Orioles 16, Indians 3: In Baltimore, Cal Ripken Jr. hit his fourth home run of the season and drove in four runs, and Ray Knight added three RBIs as the Orioles crushed Cleveland. It was the Indians' eighth straight loss. Pat Corrales, their manager, was ejected in the ninth inning.

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